

April 20, 2009

Finding Leaders for America's Nonprofits

By The Bridgespan
Group



Foreword by Kenneth I. Chenault, Chairman and Chief Executive Officer, American Express

The definition of leadership I've found most helpful over the years is that good leaders define reality and give hope.

This is true regardless of an organization's for-profit or nonprofit status. The reality today is that many organizations are facing tough challenges, including intense competition for talented employees. If the strength of an organization is in its people, then the need to find, attract, and retain talented leaders is even more critical.

In 2006, The Bridgespan Group published a study that revealed the reality of a looming leadership deficit in the nonprofit sector. "The Nonprofit Sector's Leadership Deficit" concluded that the sector would need to attract and develop a leadership population 2.4 times the size of the total number currently employed.

This updated study confirms that the leadership deficit has become more pronounced in the past few years.

Impending retirement of baby boomers is still an important factor, but today the main driver of the demand for leaders is the new roles created as a result of organizational growth and complexity.

In the face of this environment, our hope for success lies in building a cadre of strong leaders poised to be at the helm of the nonprofit sector. One possible solution to this leadership deficit is enticing talented managers from the for-profit sector. Another solution might be to expend more resources to develop and support emerging leaders currently in the sector.

American Express established our efforts to develop emerging leaders for the nonprofit sector in 2007. Through our grants and volunteer efforts, we support nonprofit organizations that prepare promising nonprofit leaders for the sector's demanding leadership roles.

Our most ambitious project to date is the American Express Nonprofit Leadership Academy ("Academy"). The Academy is a week-long program created by American Express in partnership with the Center for Creative Leadership (CCL) to develop the sector's highest potential, emerging leaders.

The important work Bridgespan is conducting to highlight the leadership needs in this area is key to fostering collaboration between the nonprofit and for-profit sectors. Together, I believe we can bridge the leadership gap with dedicated, passionate and well-prepared individuals, thereby strengthening our communities and expanding the impact of the nonprofit community.

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Introduction

The Bridgespan Group's Bridgestar initiative, which helps individuals pursue management-level careers at nonprofits and foundations, polled 433 executive directors (EDs) of nonprofit organizations in the first quarter of 2009. The study, commissioned by the American Express Foundation, sought to determine the nature and dimensions of the evolving nonprofit leadership deficit and to look at the extent to which leadership development can fill the gap as well as the potential for "bridging" talent from for-profits to nonprofit leadership roles. All respondents came from organizations with revenues greater than \$1 million.

This report summarizes the results of the survey in four key messages; it is also informed by Bridgespan Group strategy consulting and executive search experience. The data show that now, more than ever, nonprofits are looking for talented individuals with critical functional skills, and that they are open to finding these people in the for-profit workforce. The challenge for would-be "bridgers"—managers moving from for-profit to nonprofit sector—is figuring out cultural fit, being clear about one's values, and understanding the trade-offs that must be made when transitioning from one sector to the other. The challenge for organizations is to fully develop their own leadership talent as well as to cast their nets more broadly, including outside the sector, to find rightly skilled leaders who can ensure effective operations and also, particularly in these lean times, foster much-needed innovation. In all cases, what is needed are processes that effectively attract, develop, and retain high potential candidates, helping those new to the sector to adapt culturally. Report author David Simms, head of Bridgespan's Bridgestar initiative, directed the survey. Co-author and consultant Carol Trager worked with City Square Associates to conduct and analyze the poll.

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 with revenues over \$1 million hired, on average, 1.1 senior managers. With 68,500 such organizations in the U.S., this translates into an annualized 49,000 senior management openings per year. Extend the math to organizations greater than \$250,000, assuming only half as many open positions per organization, and we are looking at 77,000 senior openings last year, a 43 percent increase over forecasts in Bridgespan’s 2006 study: [“The Nonprofit Sector’s Leadership Deficit.”](#)¹

Importantly, 22 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 job openings for 24,000 more senior managers.

This is potentially good news for people hoping to transition from a for-profit management role into the nonprofit sector. Studies show that about half of trailing-edge boomers—today’s 44 to 50 year-olds—are interested in moving into the social sector. But, as survey respondents confirmed, it also signals strong competition among nonprofits for the same in-sector talent pool. Survey findings also revealed a lack of resources to find or cultivate new leaders from within nonprofit organizations.

Of note: From June 2007 to December 2008, 25 percent of nonprofit leadership vacancies were filled through internal career progression, 41 percent through in-sector hiring and 21 percent via bridging talent from the corporate sector.

¹ “The Nonprofit Sector’s Leadership Deficit” paper went on to describe an extensive study of the leadership requirements of nonprofits with revenues greater than \$250,000 (excluding higher education and health care). It found that such organizations will need to attract and develop as many as 640,000 new leaders over the next decade—or the equivalent of 2.4 times the number that were employed at the time. Since then, anecdotal evidence has borne out the prediction of an impending “leadership deficit,” but no quantitative data has emerged to either confirm or challenge the assertions. In pursuit of this data, the American Express Foundation, in late 2008, commissioned Bridgespan to conduct a survey of nonprofit organizations (and cast a wider net, this time studying nonprofits including higher education and health care) for the purposes of determining the nature and dimensions of the deficit nationwide. In addition, as one of the proffered recommendations of the earlier study focused on deepening the leadership and management pool and drawing on business to do so, we sought to better understand the extent to which senior executives are, in fact, “bridging” into the nonprofit world from business or other sectors.

Two key questions: Are there ways to enable more private sector talent to effectively bridge into the social sector and help fill critical needs? And what avenues are available for nonprofits seeking to develop new leaders from within?

Transitioning Corporate Talent

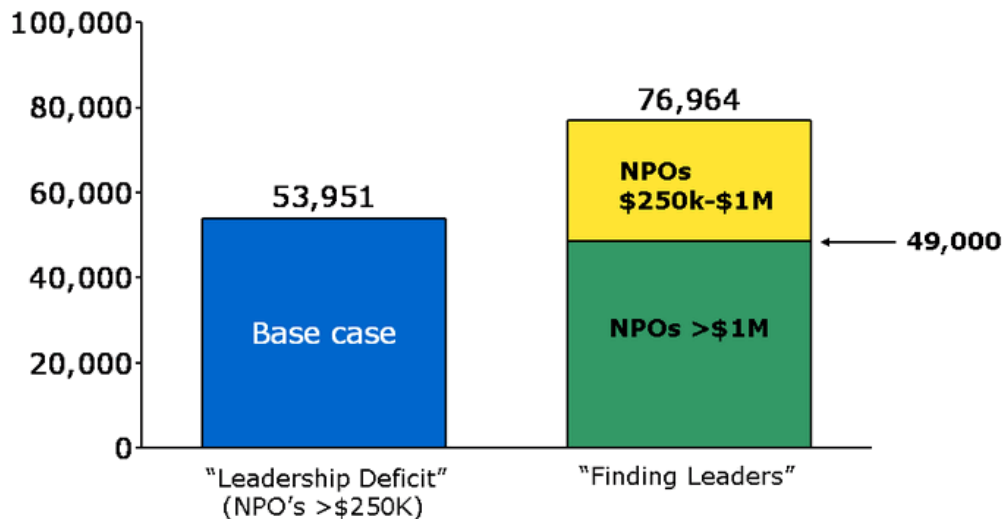
John Smart, the former global director of financial planning and analysis for Deloitte's network of member firms around the world, is a good example of a "bringer." Smart recently moved into the new position of chief administrative officer (CAO) at NPower, a national network of nonprofits with 10 regional offices, which provides technology support to other nonprofits. Smart was able to tap into NPower's need to broaden its senior finance role, to engage in more complex legal and contractual issues, and to identify and recruit talent with experience in managing multiple, independent subsidiaries—experience often honed in the for-profit world. In his new role, Smart is responsible for managing the business processes and administrative operations of NPower's New York office, as well as developing and tracking the national network's strategic business plan.

Developing Leaders within the Nonprofit Sector

Survey respondents report that resources are scarce for developing leaders from within an organization. However, grant money can be pursued for this purpose, and the opportunities for leadership development targeted at nonprofit managers are increasing. [In a 2009 survey of 10 top MBA programs](#), for example, Bridgespan found that nonprofit management course offerings had more than doubled in the last five years. In addition, some corporations have launched initiatives to support nonprofit management development. One program that is helping to feed the pipeline by training emerging leaders is the American Express Nonprofit Leadership Academy, created in partnership with the Center for Creative Leadership (CCL). Those nominated to attend the Academy—individuals who are dedicated to a career in the nonprofit sectors, and who hold management-level positions in a nonprofit organization—work with government officials, trainers, and American Express executives to hone the personal, business and leadership skills needed to run a successful nonprofit. As part of the training, they set goals and action plans; subsequently, they have access to follow-up support from CCL in the form of online networking tools, telephone coaching sessions, leadership goal checkpoints and a one-year review.

The Annie E. Casey Foundation (AECF) provides another approach. AECF offers a leadership development opportunity in the form of an 18-month fellowship program designed specifically to help nonprofit and public sector leaders in the field of child and family services broaden their visions, expand their knowledge, and enhance their capabilities and confidence. Broadly, the AECF Children and Family Fellowship program is designed to increase the pool of leaders with the vision and ability to frame and sustain major system reforms and community capacity-building initiatives that benefit large numbers of children and families. While balancing the demands of their current positions, Fellows participate in a series of leadership opportunities, including executive seminars, site visits to observe innovations in the field, and work on custom-crafted projects to provide real-time application and learning.

More leaders were needed in 2008 than were predicted by the Leadership Deficit*



*The "Finding Leaders" survey included a sample of 501(c)(3) organizations with revenues >\$1MM. The "Leadership Deficit" study included NPOs with revenues >\$250K. For comparison purposes, smaller NPOs are assumed to have on average half the open positions of larger NPOs.

TBG 090331 - Bridgespan Finding Leaders Survey 2

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

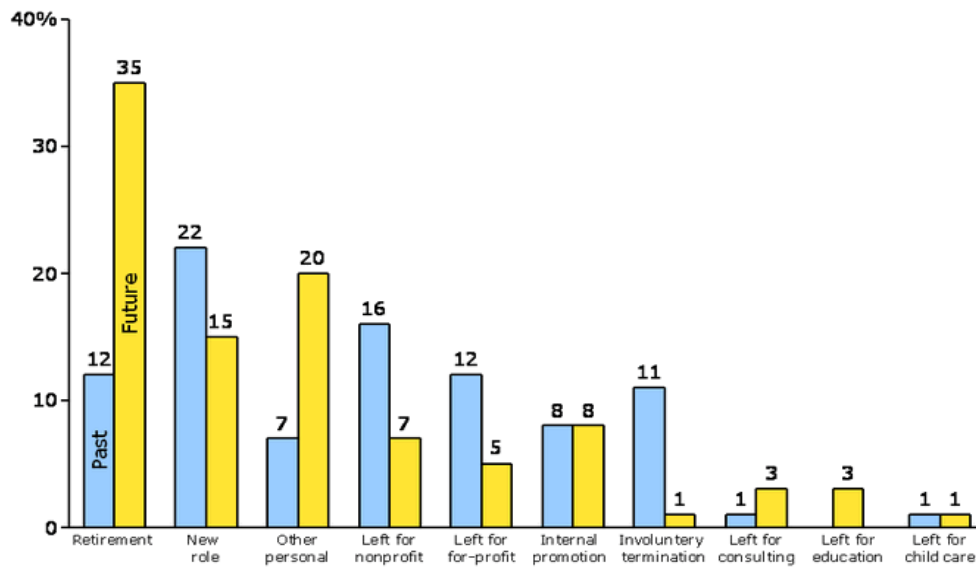
Specific functional experience is the most highly rated criteria for hiring, with 79 percent of respondents rating it as "very important." This builds on prior Bridgespan experience in executive recruiting that pointed to multidisciplinary project management skills, experience of doing more with fewer resources, and flexibility/adaptability as skills and attributes especially transferable to the nonprofit sector.

Some leadership roles, such as the heads of development and program, tend to require deep functional expertise developed in the sector. For individuals seeking career advancement within the sector, moving to another nonprofit is, in many instances, the way to move up. Other leadership roles involve skills that can be transferred across sectors. The experience of John Smart at NPower (See box p. 5, "Transitioning Corporate Talent"), for example, illustrates how functional skills can transfer from for-profits to nonprofits.

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 they value private sector skills. A full 42 percent of nonprofit CEOs surveyed reported that they, themselves, had significant for-profit management experience. And 53 percent of organizations surveyed had other senior leaders with significant for-profit management experience. At the same time, 60 percent believe they will face a paucity of qualified candidates. It’s a wake-up call: Even as the rolls of unemployed executives swell, nonprofits are struggling to fill key positions. There is an overwhelming perception that these roles will be difficult to fill due to the need for specialized skills, compensation and funding challenges, competition for the best candidates, and lack of career development opportunities.

Historically, NPOs creating new roles and leaders departing for other organizations caused key vacancies. Prospectively, retirement tops the list.



Vacancy reasons

TBG 090331 - Bridgespan Finding Leaders Survey 3

Bridging in Expertise

MicroEnsure (formerly Micro Insurance Agency), an organization that report co-author David Simms has come to know well via board membership, provides a good example of a nonprofit that has tapped the corporate sector for specific functional expertise. As a provider of affordable life, credit, health, and crop insurance to poor families in Africa and Asia, MicroEnsure needs senior managers with deep expertise in the area of insurance as well as deep functional expertise. The organization found exactly this combination in Keith Weaver, a corporate veteran with 30 years' experience in the insurance industry.

Weaver had recently retired as senior vice president and chief financial officer for Manulife Financial in Asia when he joined the MicroEnsure board in 2007. At that time, the nonprofit was small and struggling financially. But it had just gotten word that it was being considered for a major grant from the Bill & Melinda Gates Foundation. Because of his multinational insurance experience, Weaver became a key participant in special board sessions held to review the Gates proposal and to develop the nonprofit's growth strategy. As time passed and the Gates grant became a certainty, Weaver said he felt "called" to play a more direct, formal role in MicroEnsure's future. "I felt like a consultant who helps a client with a project, but then isn't asked to see it through or asked to follow up," he said. "I kept thinking, 'I could help more here.'"

Weaver said that prior to joining the MicroEnsure board, he had never considered working full-time for a nonprofit, but he was captivated by the organization, its Christian mission, and the growth challenges it faced. "[MicroEnsure] was on the cusp of a major ramp-up with a pretty slim management team," Weaver said. "It was really starting from scratch. They were going to need significant management experience to make it work. I felt quite aligned with the objectives of [the organization], and I wanted it to succeed."

Weaver said he and the organization's leaders came to the realization that he would be a valuable addition to the senior staff at virtually the same time. He became chief financial and administrative officer in September 2007, just two months before the organization was formally awarded the \$24.2 million Gates Foundation grant. "No question, this was the right thing for me to do," Weaver said. "To see the effect this work has is very gratifying."

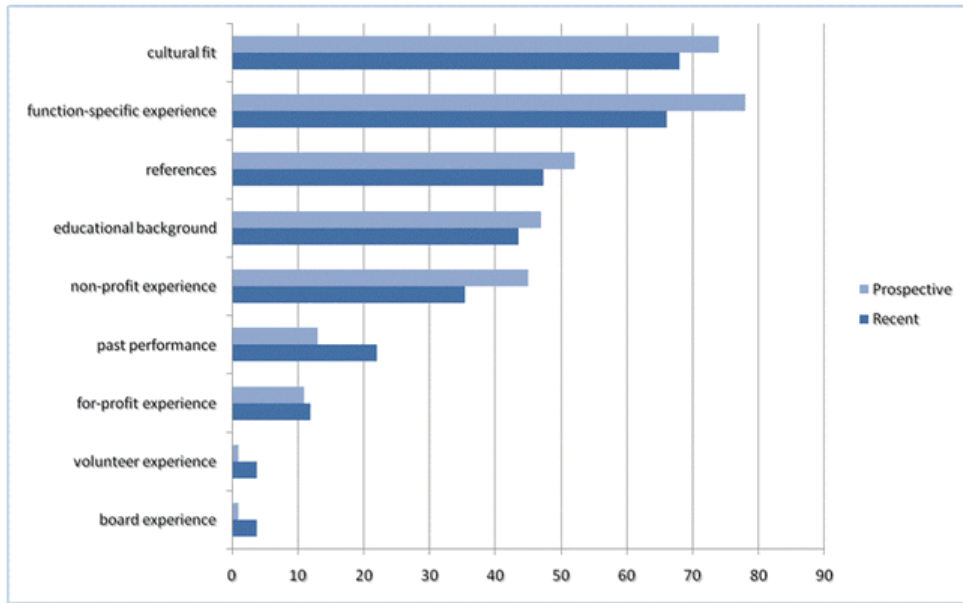
Developing Expertise on the Job

Boston-based Citizen Schools provides an example of a nonprofit that has developed leaders from within, as well as drawing on corporate expertise. Citizen Schools is a national after-school education initiative that improves student achievement through real-world learning projects and rigorous academic support. Its senior leadership team includes people who have developed expertise while working at the organization and also at other nonprofits, as well as in the for-profit sector. Take Emily McCann, who joined the organization in 2003 as the chief financial officer (CFO) and is now chief operating officer (COO), responsible for developing and overseeing top-level financial, technology, human resources, and administrative support services for the organization. Before coming to Citizen Schools, Emily worked in business planning and development for The Walt Disney Company. She wanted to get into nonprofit work, however, and when she heard that Citizen Schools was looking for a CFO, she threw her hat in the ring even though she thought it was an unlikely fit because she wasn't an accountant. Despite her doubts, she went to meet with President and Chief Executive Officer Eric Schwarz about the position. "I was an outside-the-box candidate, but he said he liked my energy and the fact that I was an 'athlete'—a high performer eager to learn about the nonprofit engine. He said, 'You have a complementary set of skills and a similar vision for what this organization can be, and you have worked at places with the scale and size we want to have in the next 30 years.'" McCann joined Citizen Schools as CFO in January 2004.

Less than two years later, she became the organization's first COO. Creating the position was a result of the organization's business-planning process. After the basic outlines of the plan were in place, the management team came together to determine the organizational structure that would enable them to operationalize it. They talked about needing a COO to coordinate the various functions across the organization and create the capacity necessary for growth and ultimately designed a COO position that was a peer of the other members of the senior management team rather than being second in command.

Schwarz considered searching for someone who had experience as a COO in an organization of the scale Citizen Schools intended to achieve, but in the end, he told McCann that he felt she had the personality, the skills, and the respect from the organization to make it work. The move has been an exciting one for McCann: "Finance had been my pet passion, but it was never the only thing I wanted to do. This role gives me the chance to work with a lot more people and really build a system of support delivery for the sites. And it's a great opportunity to play a role in building the organization, which had been my dream from the beginning."

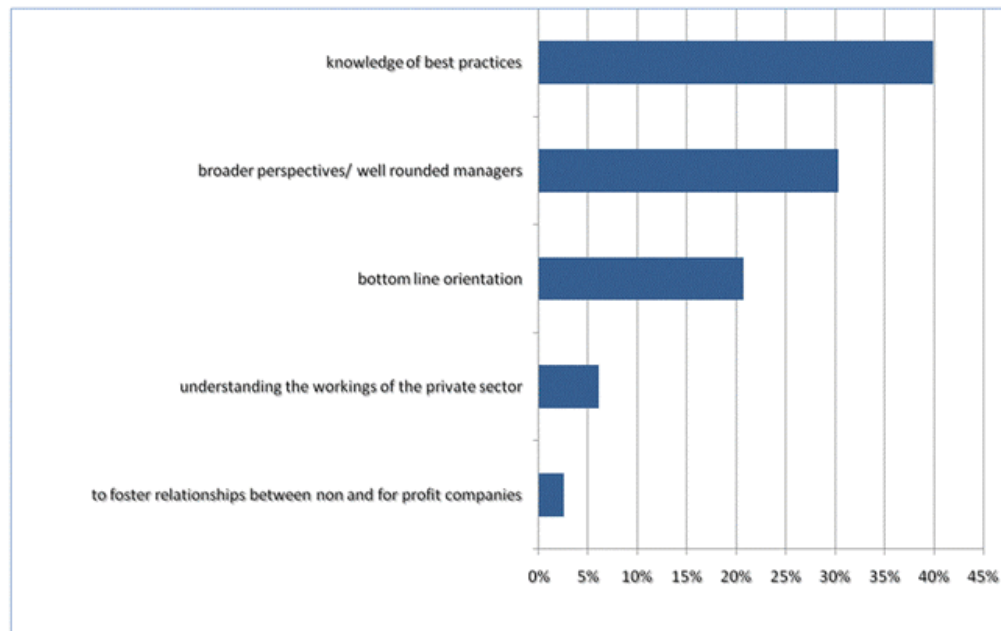
Functional experience and cultural fit were both “very important” in hiring the finalist for the role



Finding Leaders for America's Non-profit Organizations: Research Conducted for The Bridgespan Group by City Square Associates, Inc.
November 2008-January 2009

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Leaders with for-profit experience are perceived to bring best practice knowledge, broader perspectives and a bottom-line orientation



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Message No. 3: Cultural fit is the deal breaker

A nonprofit organization's appetite for new roles and its recognition of relevant functional expertise can put a prospective bridge on the short list. But Bridgespan's study indicates that only cultural fit can get him the job, or make her successful once hired. While 79 percent of respondents cited functional experience as very important, just a hair fewer, 75 percent, gave "fit with the culture of our organization" the same high priority. (Trailing far below this, in third and fourth places, were professional references and recommendations.)

In our experience, cultural fit cuts both ways. Individuals seeking to move from the corporate to the nonprofit sector need to be thoughtful about their own values and management styles, and about how they will integrate into a nonprofit culture. Job seekers often make the mistake of assuming that figuring out fit is largely the responsibility of their potential employers. As a bridge, particularly at the senior leadership level, one needs to make it easy for employers to see the fit, during the hiring process and on the job. To do so, requires learning about yourself, not just the organization you hope to join. Nonprofit organizations, for their part, need to think more broadly about their

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candidate pools, and the skills their organizations truly need; when hiring from outside the sector, they also need to design a thoughtful “on-boarding plan” to acculturate bridging employees

The starting point for an individual is to clarify what he or she is looking for in a job, beyond the specific responsibilities and tasks listed in the job description. It’s important to think about everything desirable in the next job, up to and including things like how leadership decisions are arrived at, and where and how strategic initiatives percolate. And it’s important to think about which of those things are must-haves, which are negotiable, and which could be trade-offs. It’s also useful to review prior experiences and itemize what worked in the past and what didn’t.

Nonprofit organizations, in preparing to bring on new managers, may find it useful to review past cases where the fit worked: how talent developed inside or imported from outside the sector rooted and grew, and where it failed to take root. Organizations that have actively recruited in the past three years report that filling roles with suitable leaders is more difficult than it was three years ago, most frequently citing hurdles of compensation issues, the lack of meaningful career growth opportunities, and the need for specialized knowledge and experience. In fact, slightly more than half (53 percent) of the organizations surveyed have made trade-offs themselves in their efforts to fill leadership roles. Trade offs around flexible work arrangements and increased compensation led the list.

Cultural Fit at the READ Foundation

When the READ Foundation of New York City was looking for a leader who could bring them to the next level, cultural fit was clearly an important factor. READ is a fairly young, high growth organization that recruits, trains, and employs teens to teach young children who are struggling with learning to read. READ and its board knew they needed someone who could develop the organization’s capacity for growth, including building functions like finance and human resources as well as growing funding partnerships and community relationships. At the same time, the right candidate would need to be passionate about READ’s mission and have the ability to work with a variety of internal and external stakeholders from volunteers and board members to grantees. In short, the Board wanted a hybrid—a corporate skill set combined with a nonprofit leader’s cultural bent for building consensus around decisions and harnessing passion to problem-solving. They needed to find someone who embodied the best of both worlds: a candidate steeped in a culture of collaboration and able to engage stakeholders, who also was able to set clear priorities, define roles and responsibilities, and establish effective processes for growth.

Yvonne Petrasovits became president of READ in the fall of 2008, after pursuing her own transition for six months. She had developed an understanding of nonprofit culture during 10-plus years as a board member at Communities In Schools (the nation’s largest dropout prevention network) and service on the Advisory Board of the Allwin Initiative for Corporate Citizenship at the Tuck School of Business at Dartmouth College. But in her day job, Petrasovits had been managing director at investment firm Aetos Capital, where she created the internal structure and team to grow the organization from two to 275-plus employees and \$10 billion in assets. Her demonstrated management expertise made her an ideal candidate, and her social sector sensibilities sealed the deal.

How Organizations Can Foster Cultural Fit

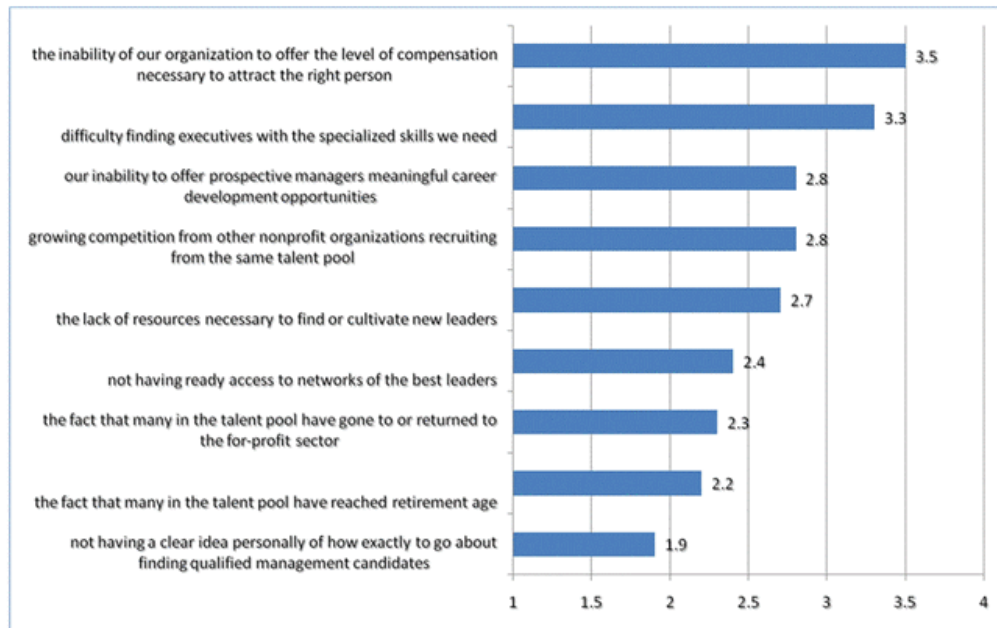
When assessing candidates:

- Take a look at where the candidate has spent his/her discretionary time in the past. How have they invested of themselves in organizations and circumstances that matter culturally to you?
- During the interviewing/getting acquainted process, invite them to participate in a small project and have them actually interface with a group of peers in the organization. See how things go. This might very well be the best 'surrogate' for what it will be like to work together.
- Make sure to spend some time with the candidate outside the office just to see how they conduct themselves in different settings. A great opportunity to consider is to have the candidate attend a management retreat or a company picnic if such events are already on the docket.
- Emphasize actual behavioral examples for the candidate to talk through with you both during interviewing and, importantly, during referencing.

To ease the transition:

- Encourage the new hire to "make the rounds" with all of the people he/she will interface with in the new role. Give them the chance to listen and learn from others in the organization before they get too deeply exposed to "live fire."
- Don't simply assign a mentor to the new hire, after the exercise above, let the new hire choose a mentor on the basis of chemistry and shared interests. Such a mentoring role will be far more effective and purposeful, not just another set of duties to conduct.
- As the new hire's boss, schedule regular check-ins not so much to make demands, rather to see how the situation is developing, where information or/experience gaps are surfacing, and how best to address them.

Compensation leads the list of obstacles to finding suitable leaders*



* Mean Rating on a 4-point scale

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

For nonprofit job candidates with relevant skills who have assessed their cultural fit, the study found that getting started means getting out there. And “there” is as much in the ether as in person: Surprisingly, 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 found them highly effective. Clearly job seekers are wise to review job boards like Bridgestar.org, Idealist.org, Opportunityknocks.org, and post resumes and cover letters that are job-board friendly.

And what are nonprofit organizations looking for when they scan job board applicants? In Bridgespan’s experience, they want to see nonprofit board and volunteer positions on a resume, as well as in any correspondence with the

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hiring organization, as one way to communicate readiness to bridge. Those entries communicate a candidate's alignment with the values and/or mission of the nonprofit. It's also important for candidates from in or outside the sector to map their experience to the needs of a target job and provide context, such as examples of how they've influenced teams and stakeholders toward action, or managed people in resource-constrained environments. Showing proficiency in such areas will allow a recruiter or hiring manager to visualize the value a job applicant can generate in his or her environment, even if the applicant doesn't have strong knowledge of the employer or domain.

Job Board Use

Consider the case of Ruth Passo, who found her way back into the nonprofit sector via researching job board postings. Passo had begun her working life as a Spanish teacher, before her foreign language skills landed her a for-profit banking job underwriting loans in Latin America. After 25 years and numerous management roles in the banking industry, Passo felt her greatest professional strength lay in relationship building. When she began searching job boards, her first thought was to focus on nonprofit roles that centered on fundraising, possibly an executive director (ED) position. But as she pursued her research—including looking at sample job descriptions and resume formats—she discovered a role that was a better fit for her talents and interests: chief operating officer (COO). A COO role would require internal relationship building, but also draw on mentoring skills from her teaching days and the managerial oversight skills she'd acquired in banking, most recently managing the foreign currency advisory sales desk at a financial services institution. “The more I started reading about the positions [on job boards], the more I saw that the COO role fit me, and the more sense it made to look at a COO position,” Passo said.

Passo restructured her resume to highlight her skills in operational management and relationship building. Then, she began applying for COO-type positions. In interviews, she played up her abilities as a team leader. Her job search ended successfully when she was hired in the COO-equivalent position of deputy director of Food Export Northeast USA, a nonprofit organization that promotes the region's food and agricultural products around the world.

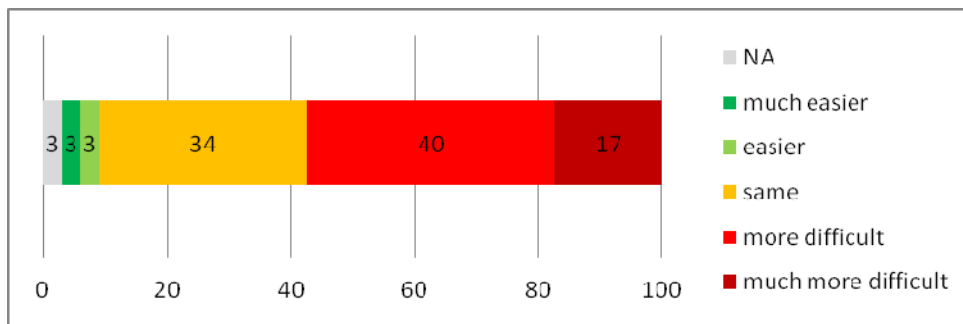
Passo's advice to other nonprofit job seekers is to do their homework via both networking and job boards before they start applying and to be open to all the possibilities that the nonprofit sector has to offer. “I recommend research, research, research,” she said. “Read postings. Do informational interviews and talk to a lot of people. One thing people told me in interviews was that I was very focused. I knew where I wanted to be.”

Conclusion

Survey respondents reported that they believe it will be more difficult to fill nonprofit leadership jobs in 2009 and beyond than it has been in the past, even given the current economic conditions. The number of job candidates may increase as people are laid off, as tough times trigger career re-evaluations, and as baby boomer retirees throw their hats in the ring. But respondents still reported concern, based on the reasons outlined earlier in this report, including: a lack of qualified candidates given the specialized needs and complexity of larger nonprofit organizations; salary constraints and funding issues that plague many nonprofits; and the difficulty of finding someone who are also good cultural fits and passionate about the mission of the organization.

Additionally, some respondents expressed wariness of job seekers who are looking for “any port in a storm” in the current economy. Further, they expressed concern that competition from within the sector for leaders possessing deep nonprofit expertise and critical skills will be increasingly fierce.

Anticipated Difficulty of Filling Vacancies



Bridgespan asserted in the 2006 Leadership Deficit study that: “nonprofits increasingly do the work required to fulfill our desire for a civil, compassionate, and well-functioning society ... [and] ... their ability to consistently deliver results depends more on the quality of their people than on any other single variable.”

As the downturn puts even more pressure on the social sector to care for those in need, the talents of in-sector leaders and “bridgers” are bringing sought-after skills to the task.

Key Survey Findings

- In the next 12 months, 28 percent of nonprofit organizations with revenues above \$1 million plan to make one or more senior management hires, translating to 24,000 vacancies in 2009.
- Projected 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.
- 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).
- 73 percent of respondents said that they value for-profit experience in a candidate.
- 53 percent of U.S. nonprofits with revenues over \$1 million 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.

Where Do We Go from Here?

Bridgespan's 2006 study, "The Nonprofit Sector's Leadership Deficit," emphasized the importance of investing in infrastructure to support the recruiting, hiring, and retention of qualified leaders. In its aftermath, a number of readers pointed to obstacles to finding qualified candidates for nonprofit leadership roles, such as inadequate compensation. As our 2009 results show, such obstacles are unlikely to go away soon. But we can also use the results of this survey to think more expansively about what sector leaders *can do now* to increase the candidate pool.

Some thoughts:

Sell the vision of how your organization is changing the world. In these 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. If an organization can't lay out a compelling case for potential managers, then it is not likely to attract the best. Every organization must be able to articulate not only its mission, but also its vision for change in the world, and the role it seeks to play in achieving those ends.

Cultivate an expanded view of "cultural fit" at the interview stage to increase the size of the candidate pool.

In the survey, functional experience emerged as critical but "cultural fit" emerged as the deal-breaker. For some organizations certain criteria, like religious background, are must-haves. But in the experience of Bridgespan executive search consultants, "fit" tends to be an intangible, more associated with "like" or, more to the point, "like us." It may be challenging to associate a candidate from another domain, or with a different background, with the cultural characteristics of any particular organization. In addition, nonprofit's expectations around specialized experience and skills may be unrealistic. Existing leadership teams may need to cultivate greater willingness to hire for aptitude and transferable experience. "Fit" could just as easily mean "ability to establish credibility, alignment, and trust." In order to get the best candidates, they may also want to place greater emphasis on the capacity to understand and respect the mission and passion of the organization, and to grow into a full understanding once on board rather than to have actively shared it before coming on board..

Invest time now to expand your network. [In a recent Leadership Matters interview](#) Bridgespan Partner Wayne Luke notes that the majority of senior executive changes are facilitated by someone affiliated with the organization, who already knows the successful candidate, and this is borne out by the survey data. If personal and organizational networks are narrow—confined to a domain, to a city, or to a college or alumni network—the contact pools are also likely to be narrow. While understanding that domains within our sector have unique characteristics and challenges, it's important to facilitate greater cross-domain and cross-sector germination as a way to expand both the talent pool and our own thinking.

Invest in the people you hire, to increase the likelihood of impact and retention. By the time most senior people are hired they have inherited a backlog of work and a line of staff eager for their time and attention. Organizations must find ways to manage their entry, or on-boarding, so that they acclimate quickly but effectively. On-boarding must 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, nonprofits must 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. There's no question that the private sector is a valuable source of management talent. But if nonprofits are able to design strong, internal leadership development programs, they should do so. In addition, we as a sector need to make such development opportunities more widely available, and ensure that funding is in place to allow individuals to take advantage of them. Further, leadership development needs to be built into the "regular work" of nonprofit managers—as a requirement, and as a goal. In the morass of keeping up with day-to-day operational demands, it is too easy for highly important but non-urgent activities to get lost if they are not formalized in this manner.

We believe the upside is worth the effort. When managers are developed from within, they are able to hone their skills and tailor them to the real-time needs of the organization. Once in leadership roles, this home-grown talent then can help develop the skills of other high-potential staff members. Ultimately this type of internal re-seeding will maximize the organization's ability to deliver on its mission. The organization will be led by people who have lived its values over a long period of time.

We wish to thank Sarah Hershey, Regina Maruca, Carole Matthews, Rebecca Menges, Katie Smith Milway, and Ken Weinstein for their assistance with this project.

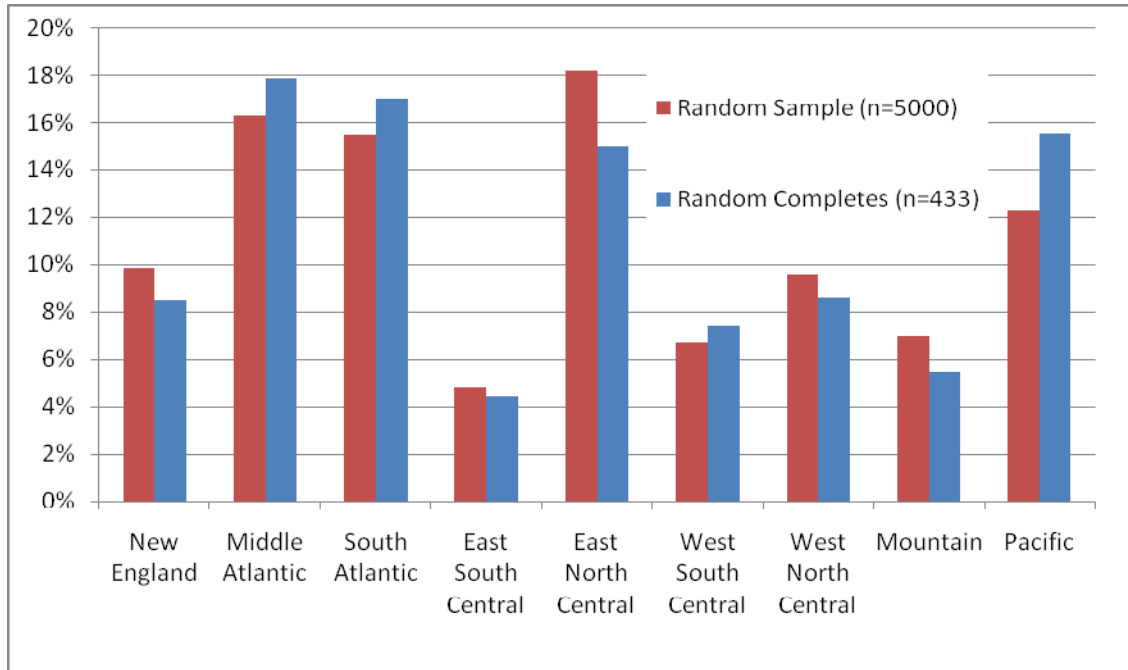
Methodology

The survey was conducted in two phases. Five thousand organizations with revenues of \$1 million or more were contacted by telephone. To be considered for our random sample, organizations had to have a National Taxonomy of Exempt Entities (NTEE) classification, with a small number of NTEE categories and sub-categories excluded. Additionally, selection was made only from the list with three or more years of 990 data on file, at least one of which was from 2006 or more recent. (Full details of the criteria are available upon request.) An effort was made to reach the senior executive of the organization in the best position “to answer questions about recent and future hiring of senior management.” Once this individual was reached, the recruiter explained the nature and purpose of the survey and invited the individual to participate. Prospects were promised that, in exchange for participation, they would receive an executive summary of the survey results.

Those who agreed to participate (1140) were asked to provide email addresses and direct contact telephone numbers. The names and contact information for those who accepted the invitation were then transmitted to City Square Associates who sent links to the online survey out to prospective respondents by email. The questionnaire consisted of a total of 70 individual questions, although, depending on the situation of an individual organization (e.g., no new management hires in the past 18 months, no new management hires expected in the coming year), a completed survey could have consisted of as few as 40 items.

In addition to the initial invitation, each respondent received two email reminders at one-week intervals and a phone reminder if he/she did not respond to the email reminder. Telephone recruiting took place between Friday, November 14, 2008, and Monday, January 5, 2009. Online surveys were completed between Tuesday, November 17, 2008, and Friday, January 30, 2009. A total of 433 nonprofit leaders completed surveys.

Distribution of Sample and Completes by Region



Distribution of Sample and Completes by NTEE Code

