



THE NEXT LEADERS:

**UWNYC GRANTEE LEADERSHIP
DEVELOPMENT AND
SUCCESSION MANAGEMENT NEEDS**

David S. Birdsell & Douglas Muzzio
Baruch College School of Public Affairs
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For further information about this report, please send e-mail to:
David_Birdsell@baruch.cuny.edu

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INTRODUCTION

Concerned about anecdotal reports that many of New York's senior nonprofit leaders are on the verge of retirement and interested in the executive development needs of emerging leadership, the United Way of New York City asked researchers at the Baruch College School of Public Affairs to assess the sector's present succession management planning and executive development activity.¹ Supported by The Clark Foundation and working in concert with staff from the Milano School, the Baruch team conducted a series of focus groups in spring 2002 and fielded a survey of UWNYC grantee organizations in spring 2003. This report summarizes findings from the focus groups and presents descriptive data from the survey.

Focus Group Design

The goal of the focus groups was to assess UWNYC grantees' attention to succession management, their present training practices, and their willingness to provide training to their senior employees given a mix of incentives and delivery models. The research team wanted to hear from institutional players who would arrange for and support training programs as well as those who would actually participate in the programs. To that end, three groups of respondents were assembled in a total of six focus groups: two groups of Executive Directors (EDs), two groups of Board Members (Boards), and two groups of Pipeline Leaders (PLs).² In each case, one group included respondents whose organizations had gross revenue below the median in their service sectors while the other gathered those whose organizations had gross revenue above the median.

¹ William Bowen observes that nonprofit organizations are in general less likely to look to present staff as a source of new executive leadership. See *Inside the Boardroom* (New York: John Wiley & Sons, 1994), p. 107. Joseph Santora and James Sarros conclude that because managers "cannot break the 'glass ceiling' to advance to the coveted position of CEO/executive director within their organizations," there may be little need to be concerned about leadership development: it simply is not a source of new leaders. See "CEO Succession in Nonprofit Community-based Organizations: Is there Room for Insiders at the Top?" *Career Development International*, 6, 2 (2001), pp. 107-111. Another approach is to explore improvement of professional development and awareness of the ambitions and skill sets of potential leaders within nonprofit organizations. That is the perspective advanced in this report.

² EDs identified pipeline leaders in their organizations. We asked EDs to provide the research team with contact information for senior managers they believed to have the talent and aspiration to lead an organization if provided with the proper experience and professional development. This procedure was followed in both the focus group and survey portions of the study. One result is that we were unable to include information from organizations in which the ED believed that no one had executive potential, possibly skewing findings for pipeline leaders toward the high end – in terms of ambition and talent – of that group.

Recruitment for the focus groups proceeded as follows: UWNYP grantees were sorted into above- and below-median groups for each service sector (e.g., after-school programs, senior programs, healthcare, etc.); the lists were then randomized. EDs were called first and asked to nominate pipeline leaders. After another randomization of the list, EDs were called and asked to participate themselves, ensuring that EDs would not know through the study design or the recruitment process whether their nominees had been asked to participate or not. An incentive fee of \$75 was offered to each participant. Board Members were recruited by UWNYP.

Each group met for 90 minutes. The same moderator's guide, adapted for EDs, Boards, and PLs, was used in each case. Conversations were taped and transcribed for analysis.

FINDINGS FROM THE SPRING 2002 FOCUS GROUPS

Several strong findings emerged from the focus groups. Perhaps most notable is the impressive split between the opinions and reported practices of EDs and Boards from above- and below-median organizations. EDs and Boards from above-median organizations said that they practice succession management, train employees, and look to their own organizations as at least one source of future leadership. In sharp contrast, most EDs and Boards from below-median organizations reported no succession management planning and expressed little capacity for or interest in executive development. Several EDs from organizations with below-median revenues said that they would never offer training even if they could afford to do so because the newly trained employees would be more likely to leave their organizations for better jobs. In short, the executive level constituency for training is very much centered in above-median organizations.

Below-median EDs and Boards told us that:

- They did not have succession management plans in place.
- Their funding contracts significantly constrain their ability to offer training.
- They are not generally willing (or able) to release employees from any portion of the workweek to attend training sessions.
- They are not able to fund training themselves.
- They do not believe that training necessarily confers benefits to the organization.
- They are reluctant to train because it would make employees more mobile.

Above-median EDs and Boards told us that:

- They presently have succession management plans.
- They currently train, and would like to expand training where possible.
- They are willing to shoulder some of the cost of expanded training, either by direct financial support or ceding some employee time to training.
- They are comfortable with a shared-cost model in which an organization such as the UWNYP would shoulder a percentage of the training expenses in return for a sector

- commitment – rather than a specific organizational commitment – from the trained employees.
- That they, too, believe that training improves mobility, but that professional development is an important tool for recruiting and retaining employees.
 - Of the training they would support, they would be favorably disposed toward programs:
 - That establish an ongoing relationship with their organizations
 - That confer certificates or degree credit
 - That incorporate on-site training
 - That employ “coaching” models
 - These EDs and Board Members told us that they would be less favorably disposed toward programs:
 - That rely heavily on online learning
 - That rely heavily on one-shot training sessions

The research team had expected to find different attitudes among different service sectors, but with the exception of medical organizations, which respond to Joint Commission accrediting standards that mandate training, there was no observable sector split among the focus group respondents. Board opinions squared neatly with ED opinions in the above- and below-median groupings.

Pipeline Leader responses were much less sharply split than the ED and Board responses. In general, below-median PL preferences look like above-median ED and Board preferences. Most, however, felt trapped by organizations that they felt did not support their professional development needs. Almost all PLs we interviewed wanted training, and ideally degree credit, but none felt that their organizations would help them to obtain the training, a perspective strongly reinforced in our discussions with below-median EDs and Boards. Additionally:

- Above-median pipeline leaders are less likely to care about credentials, but other things being equal, would like to have credit-bearing curricula
- Online options would be popular among both above-and below-median groups as a supplement, but not as an alternative to face-to-face instruction or mentoring
- Pipeline leaders are enthusiastic about the idea of committing time in return for support for their professional development; most are willing to commit up to five years, depending on the nature and extent of the training.³

PLs from above-median organizations generally felt supported by their organizations, and though they sought additional professional development opportunities, they saw such training as an extension of rather than a departure from their organizational cultures.

It is important to note that focus groups, even when carefully conducted in accordance with the best standards of public opinion research, do not produce results that can be projected to a larger population. In order to see if the focus group results obtained for a

³ The survey results show a majority in favor of a 2-year commitment.

statistically representative sample of UWNYPC grantee organizations, we used the focus group results to craft a survey instrument, which was fielded February-April of 2003. Those results are reported below.

SPRING 2003 SURVEY OF EDS AND PIPELINE LEADERS: DESIGN & FINDINGS

The survey largely confirmed the focus group results, with two caveats. First, while there were consistent differences between EDs from above- and below-median organizations, these were somewhat less pronounced than they were in the face-to-face discussions. Second, support for some kind of professional development was much more widely shared than the focus group results alone would indicate. Nonetheless, different levels of support for professional development and different attitudes toward the benefits of professional development, both of which correlate closely with organizational revenue, remain salient findings and should inform any response to leadership programs in the area.

Of course, the survey also went well beyond the focus groups in some areas, providing information about organizations' price sensitivity vis a vis training, the range of issues that most interest both EDs and PLs, self-assessments of the PLs present competencies in a variety of areas, and demographic and job tenure information about all respondents. This section of the report lays out the survey methods, presents overall survey findings, and concludes with a discussion of the differences between above- and below-median EDs.

Survey Design

The sample was chosen from the universe of (at the time of the survey) 898 UWNYPC grantee organizations with current contact information. Information about organizational revenue was obtained through a search of IRS Form 990 information stored in online databases (obtained from Guidestar and NCCS). Organizations without an online 990 were eliminated from the sample. The remaining organizations were then sorted into above- and below- median revenue categories for their service sectors, sorted randomly within those categories, and entered into the Computers for Marketing Corporation's Computer Assisted Telephone Interviewing (CATI) program, Survent®, for survey management.

The ED and PL questionnaires were similar, but differed in certain necessary respects. EDs, for example, were asked about specific experiences leading organizations. By definition, PLs could not respond to a question of that sort. Similarly, PLs were asked to detail elements of their professional ambitions that would have been inappropriate for EDs. Despite these unavoidable differences, the questions overlapped as much as possible to allow the maximum inter-group comparison of the results.

Building on the focus group work, the surveys probed for information about the kinds of professional development that EDs and PLs were most interested in receiving. Questions covered training formats, training personnel, costs, scheduling, and perceived benefits.

All interviews were conducted by telephone from the Baruch Survey Unit facility in the School of Public Affairs. Maximum error margin for the 314 EDs sampled is +/- 3.3 percent, and the maximum error margin for the 295 PLs is +/- 5.7 percent.

A Time of Transition

The survey confirmed that the nonprofit sector in New York can expect a massive leadership transition over the next five years. Nearly half (45 percent) of executive directors report that they will leave their present position within five years. And pipeline leaders want to fill those jobs: nearly eight in 10 (78 percent) anticipate moving on to more senior positions in the next five years. Nearly all (93 percent) expect to stay in the nonprofit sector.

Need for Professional Development and Succession Planning

Respondents indicated a need for professional programs for executive development and succession planning. More than half of both executive directors and pipeline leaders reported that their organization did not currently have professional development programs (57 and 54 percent, respectively). Even fewer nonprofits have a succession plan for executive leadership. One-third (32 percent) of EDs said their organizations had a succession plan, while only a quarter (25 percent) of pipeline leaders reported succession planning in their organizations (with 13 percent reporting that they did not know if their organization had a plan).

Interest in Professional Development

Executive directors were in near-universal agreement that more training for senior/professional staff would be beneficial: 92 percent agreed, 58 percent agreed strongly. They would take advantage of an affordable, effective program for training senior professionals and executive staff in specific skill areas: nine in 10 (89 percent) said it was likely they would participate.

Reasons for Lack of Appropriate Professional Training

Executive directors were asked about the importance of possible obstacles to the provision of professional development activities by or through their organization. The direct cost of providing the professional training was widely agreed upon by EDs to be an important reason (eight in 10, with more than half strongly agreeing). Service obligations which prevent the organization from releasing senior/executive staff for training was considered important by six in 10, while half responded that the difficulty in finding appropriate training was an important impediment. Contract requirements that prevent releasing senior/executive staff for training and lack of interest by senior/executive staff were both agreed to be important obstacles by about three in 10 EDs.

When EDs were asked which of these obstacles was the most important, more than half (56 percent) named cost, twice the number who cited service obligations (21 percent). About one in six (15 percent) said that there was a lack of appropriate training, while

contract requirements and lack of senior/executive staff interest was selected by 3 percent each.

| Obstacles to Provision of Executive/Senior Staff Training | |
|--|------------------|
| Executive Directors | |
| | Important (Very) |
| Cost too great | 85% (53%) |
| Service obligations preclude | 61% (29%) |
| Appropriate training too hard to find | 51% (26%) |
| Lack of executive/senior staff interest | 30% (9%) |
| Contract requirements prevent | 27% (11%) |

Another reason EDs may not make provision for executive staff development in their organizations is that about three in 10 agree (31 percent, 18 percent strongly) that “people in my organization who receive professional development are more likely to leave than to stay and build organizational capacity.” This is a critical finding that parallels one of the findings from the spring 2002 focus groups. In short, some EDs resist professional development because they think it, on balance, a threat to employee retention.

Cost and Affordability

Given that cost is by far the most widely cited reason for the absence of executive development, what do executive directors and pipeline leaders consider affordable? Both groups reacted similarly to different levels of cost, with PLs consistently more accepting at all price levels. Both groups show a break point at \$25 per instructional hour. The next price increment (\$26-\$50 per hour) produced a 26-point falloff in perceived affordability. Only about one-third of EDs characterized \$26-50 as affordable. Nonetheless, there is a substantial minority of both EDs and PLs ready to spend more on instruction; about a quarter of both groups said that \$51-75 per instructional hour per employee was affordable.

| AFFORDABILITY | | |
|--|----------------------------|-------------------------|
| Costs per instructional hour per employee | Executive Directors | Pipeline Leaders |
| \$15 | 79% | 88% |
| \$16-25 | 62% | 72% |
| \$26-50 | 36% | 46% |
| \$51-75 | 23% | 27% |
| \$76-100 | 11% | 20% |
| \$101-125 | 6% | 17% |
| \$126-150 | 10% | 11% |

Conditions for Participation in Intermediary/Funding Organization-funded Training

What proportion of the cost of an affordable training program would an intermediary or funding organization have to provide organizations to induce senior/executive staff to participate?

Nearly all executive directors and pipeline leaders agreed (and eight in 10 or more in both groups, strongly) that they personally or their organizations would take advantage of training if it were wholly supported by an intermediary/funding organization. Indeed, between eight and nine in 10 EDs and PLs would participate if an intermediary/funding organization paid half or three-quarters of program costs.

EDs and PLs both were less enthusiastic about intermediary/funding organization-funded training if senior staff were required by contract to work in their current nonprofits for two years. Still, about two-thirds of both groups said their organizations/they would likely participate. Interestingly, and consistent with their stated commitment to the nonprofit sector, PLs were considerably more likely to be willing to be contractually required to work in the nonprofit sector for two years in exchange for training than executive directors were to see them shoulder this commitment.

This is consistent with focus group findings that there is widespread acceptance of the notion that commitment is a legitimate expectation in return for funding. Above-median focus group PLs indicated that they would look closely at specific program benefits before agreeing to such a commitment, which may account for at least a portion of the 34 percent of PL survey respondents who did not count themselves as likely to participate in the face of an ongoing organizational commitment.

As noted above, some EDs believe that after receiving training, some senior staff will leave their organizations. Organizational funding streams do, however, exert countervailing pressure. More than three-quarters of EDs said they would be likely to participate in executive training programs if the intermediary/funding organization makes funding contingent on such participation.

| Conditions of Participation in "Affordable" Training Program | | |
|---|--------------------------------------|-----------------------------------|
| Intermediary/funding organization... | Executive Directors Likely (Very) | Pipeline Leaders Likely (Very) |
| Pays ½ | 85% (35%) | 84% (40%) |
| Pays ¾ | 85% (53%) | 91% (55%) |
| Pays all | 93% (80%) | 97% (84%) |
| Makes participation a prerequisite for funding | 77% (51%) | NA |
| Requires 2 yrs work in current organization | 63% (36%) | 66% (35%) |
| Requires 2 yrs work in intermediary/funding member organization | 40% (12%) | 58% (25%) |

Appropriate Training: Necessary Skills

What skills are deemed by executive directors and pipeline leaders to be necessary for senior professionals and/or executive staff? Which skills, including budgeting, management, strategic planning, facilities management, communication, fundraising, technology planning, and performance measurement skills, were the “most important priorities” for their organization?

Executive directors and pipeline leaders are in agreement on the importance and organizational priority of those eight skills. Indeed, more than six in 10 consider all eight skill areas important, with all but facilities management between 76 and 85 percent.

| SKILLS NECESSARY FOR SENIOR STAFF/EXECUTIVES | | |
|---|---|--|
| Skills | Executive Directors Agree (Strongly) | Pipeline Leaders Agree (Strongly) |
| Strategic planning | 85% (39%) | 85% (57%) |
| Management | 83% (42%) | 80% (52%) |
| Fundraising | 82% (45%) | 79% (52%) |
| Performance measurement | 81% (34%) | 81% (51%) |
| Budgeting | 80% (49%) | 79% (47%) |
| Technology planning | 79% (34%) | 85% (49%) |
| Communication skills | 76% (47%) | 75% (55%) |
| Facilities management | 62% (23%) | 67% (35%) |

Of the eight skills, EDs and PLs differed somewhat over the three most important skill priorities “for your organization”/“your career development.” While fundraising was the “top three” skill most widely selected by executive directors, strategic planning topped the pipeline leaders’ list; majorities of EDs and PLs chose those responses and those were the only selections to achieve a majority on the “top three” question. Nonetheless, the ordering of both groups is similar, with performance measurement more a concern of EDs and technology planning for pipeline leaders. This could, to some extent, reflect generational issues.⁴

| THREE MOST IMPORTANT SKILLS | | |
|------------------------------------|----------------------------|-------------------------|
| | Executive Directors | Pipeline Leaders |
| Fundraising | 55% | 48% |
| Budgeting | 43% | 45% |
| Strategic planning | 42% | 54% |
| Management | 41% | 36% |
| Communication | 40% | 35% |
| Performance measurement | 37% | 22% |
| Technology planning skills | 27% | 41% |
| Facilities management | 10% | 11% |

⁴ Richard Hoefler found similar skill set preferences among nonprofit leaders. Drawing from a much larger skills inventory, his respondents’ top five areas were leadership, oral communication, decision making, written communication, and professionalism. See “Administrative Skills and Degrees: The ‘Best Place’ Debate Rages On,” *Administration in Social Work*, 27, 1 (2003), pp. 25-46.

Current Skills

Executive directors and pipeline leaders offer often widely differing assessments of the skills of senior professionals/executives. Pipeline leaders are far more likely to agree and agree strongly that executive staff and senior professionals (i.e. people like them) already possess skills in the eight areas. This suggests a significant disconnect between executive directors’ assessment of pipeline leaders and the PL’s self-assessments. The most significant gaps are in perceived communication competencies (34 percentage points), management (24 percentage points) and communication and strategic planning (each at 23 percentage points).

| | Executive Directors Total Agree (Strongly) | Pipeline Leaders Total Agree (Strongly) | Difference (Pipeline over ED) |
|----------------------------|--|---|---|
| Communication | 71% (23%) | 94% (53%) | +23 points |
| Management | 66% (16%) | 90% (40%) | +24 points |
| Budgeting | 66% (18%) | 74% (35%) | +8 points |
| Facilities management | 56% (12%) | 71% (28%) | +15 points |
| Strategic planning | 55% (7%) | 78% (29%) | +23 points |
| Performance measurement | 46% (10%) | 80% (28%) | +34 points |
| Fundraising | 43% (10%) | 60% (18%) | +17 points |
| Technology planning skills | 40% (8%) | 61% (15%) | +21 points |

Clearly, PLs think more highly of their present skill sets than do their employers. This has significant implications for developing and marketing professional development programs, and speaks to the difficulties of allowing even relatively senior professionals to develop a sense of their own skill sets from perspectives wholly contained in their organizations. Of course, the assessment of EDs can be flawed as well; they may be unduly critical of their staff, comparing their staff to people with much more experience, or using a small or nonexistent comparison set.

Current Organizational Skill Nurturing/Development

Executive Directors were asked whether their organization and the nonprofit sector more generally provided “junior, non-executive staff” and “senior professionals and/or executive staff” with the “skills they need to be effective.” Pipeline leaders were asked whether their organization provided them with the “training I need to do my current job well.”

More than eight in 10 EDs and PLs agreed that their own organization provided both junior and senior personnel with the necessary skills (84 percent each). About two-thirds of EDs agreed (“somewhat” or “strongly”) that the nonprofit sector provided junior/non-executive staff (65 percent, with 29 percent disagreeing) and senior/executive staff (69 percent, with 25 percent disagreeing) with appropriate skills.

Executive directors and pipeline leaders (assumed to be senior professionals and executive staff) agreed that their organizations provided them with the appropriate

training to do their jobs: eight in 10 in both groups agreed. Junior staff were also provided the requisite training by their organizations, said the EDs.

| My Organization Provides Necessary Skills | | |
|--|--|-------------------------|
| | Executive Directors Senior Staff (Junior Staff) | Pipeline Leaders |
| Strongly agree | 39% (40%) | 49% |
| Somewhat agree | 46% (44%) | 32% |
| Somewhat disagree | 10% (12%) | 11% |
| Strongly disagree | 5% (4%) | 6% |
| Don't know/refused | 1% (1%) | 2% |

The high level of agreement among EDs and PLs on their current organizations' success in providing the appropriate skills is occurring with fewer than half (45 percent of EDs; 40 percent of pipeline leaders) of their organizations having professional development programs for senior professionals/executive staff. This suggests that learning is exclusively on-the-job or otherwise informal, and that many nonprofit professionals deem that appropriate.⁵

Executive Staff Training: Interest and Preferred Scheduling

Executive directors would take advantage of an affordable, effective program for training senior professionals and executive staff in specific skill areas: nine in 10 (89 percent) said it was likely they would participate in such a program.

Both groups are in broad agreement on the relative appeal of four training scheduling models, with training during working hours being perceived by EDs as being most interesting to senior staff and, indeed, being the preferred time for PLs, followed in both groups by training during employees' own time in the evenings, and single-session workshops.

There is a substantial disparity in the perception of EDs versus PLs in the willingness of senior professionals and executive staff to attend training on weekends and on their own time. Of considerable interest is the finding that PLs are more willing to devote time on the weekends than their EDs perceive them to be. This could signal, in effect, another reason for lack of formal training in at least some organizations: an inaccurate perception of reluctance to spend time out of work hours on professional development.

⁵ Responses in this section should also be evaluated against a pair of persistent inconsistencies in the study overall. One inconsistency arises from the clearly expressed desire for executive development on the one hand, and satisfaction with training presently provided by nonprofit organizations on the other. A parallel inconsistency: there is a widely shared perception that employees have relevant skills, but that they need to improve those skills. One possible explanation is that PL respondents believed that their organizations provide what they need to get by in their positions, but not to improve or grow beyond their present positions. This was in fact a key finding from the focus groups; PLs felt that they were good at their jobs and had the skills necessary to perform them well, but that they lacked the management training that would take them to the next level of organizational leadership and fulfillment of their career aspirations.

| Preferred Scheduling | | |
|-----------------------------|--|-------------------------|
| | Executive Directors (perceptions re: senior staff) | Pipeline Leaders |
| | Interested (Very) | Interested (Very) |
| During working hours | 92% (55%) | 88% (51%) |
| Own time in evenings | 73% (23%) | 81% (40%) |
| Single-session workshops | 70% (28%) | 70% (24%) |
| Own time on weekends | 42% (10%) | 60% (25%) |

Executive Staff Training: Delivery Models

Executive directors and pipeline leaders agree on the relative utility of a number of professional development models (with majorities, often overwhelming, agreeing on the value of all the approaches). Both groups overwhelmingly support a coaching model, where after an initial training period in a workshop or seminar, a professional follows up with a trainee at the organization, along with a combination of workshops and seminars offered over a period of time and a combination of workshops and seminars leading to a certificate. About two-thirds of both groups find that a degree program leading to a Masters degree in nonprofit management would best serve professional development for senior professional/executive staff. Opinions diverged somewhat on online learning. Six in 10 EDs believe in the value of online learning via the World Wide Web, 52 percent of PLs do so, only 18 percent of them strongly. This finding parallels results from our focus groups in spring 2002, in which PLs told us that they valued Web-based instruction as a supplement to face-to-face exercises, but feared that an exclusive reliance on the Web would diminish the value of networking during professional development.

| Delivery Models for Professional Development | | |
|---|--|---|
| | Executive Directors Agree (Strongly) | Pipeline Leaders Agree (Strongly) |
| Coaching model | 84% (44%) | 85% (42%) |
| Combination workshops/seminars over a period of time | 81% (45%) | 86% (52%) |
| Combination workshops/seminars leading to a certificate | 78% (43%) | 86% (57%) |
| A degree program leading to a masters degree | 65% (36%) | 68% (46%) |
| Online learning via the Web | 60% (21%) | 52% (18%) |

Executive Staff Training: Most Effective Trainers

The preferred models of program delivery involve a mix of EDs, university specialists and practitioners, according to nearly all executive directors and pipeline leaders (91 and 96 percent, respectively), with substantial majorities of both groups strongly agreeing that such teams would provide the most effective training for senior professionals. Each of the other three types of trainers get substantial levels of agreement on their effectiveness, with the biggest difference in the assessment of university specialists alone. It is interesting to note that the combination of university specialists and practitioners was the

only category to receive a majority of “strong” support among both EDs and pipeline leaders.

| Most Effective Trainers | | |
|---|---|--------------------------------------|
| | Executive Directors Agree (Strongly) | Pipeline Leaders Agree (Strongly) |
| Combination of university specialists and practitioners with experience in the field. | 91% (57%) | 96% (66%) |
| Skill specialists active in training (e.g. accountants, grant writers) | 86% (40%) | 89% (46%) |
| Former executive directors active in training | 84% (39%) | 83% (41%) |
| University specialists in specific areas (e.g., nonprofit management) | 75% (29%) | 87% (37%) |

Executive Staff Training: Frequency of Training

EDs and pipeline leaders were further asked the likelihood of participating in a training program if the intermediary/funding organization required their employees/themselves to attend: one workday per month over six months, two workdays a month, three workdays a month, and four workdays a month.

| Frequency of Training | | |
|------------------------|--------------------------------------|-----------------------------------|
| | Executive Directors Likely (Very) | Pipeline Leaders Likely (Very) |
| One workday a month | 67% (35%) | 89% (54%) |
| Two workdays a month | 56% (23%) | 68% (31%) |
| Three workdays a month | 42% (17%) | 38% (16%) |
| Four workdays a month | 40% (17%) | 27% (11%) |

The results indicate broad support for several possible training models, including some reasonably intensive programs. ED responses fall in a narrower range than those of pipeline leaders. A small core of EDs – 33 percent – rate themselves as “unlikely” to participate if development involves any workdays. That number only grows to 60 percent, however, even when trainees would be absent from the workplace one day each week, leaving 40 percent of EDs who would support such an intensive program. Pipeline leaders, though more enthusiastic than EDs about programs that would take them out of the office one or two days per month, are less enthusiastic than EDs about three- and four-day monthly commitments.

Sources of Organizational Funding

City and state contracts are by far the most important single source of their organizations’ funding (51 percent), according to the EDs interviewed. Such contracts were cited fully two and one-half times more frequently than the next most common category of private donations and endowments (19 percent). That number in turn is a little less than double the number of EDs identifying foundation grants (11 percent) as their most important source of revenue. Federal grants and contracts (9 percent), and user fees and sales (6 and

2 percent, respectively) round out the revenue categories. These sources of funding maintain their ranking when the first and second most important sources are added together, with private donations, foundation grants, and federal grants and contracts leading the secondary sources of funding.

| Sources of Organizational Funding | | | |
|------------------------------------|----------------|---------------------|---------|
| | Most Important | Next Most Important | Top Two |
| City or state contracts and grants | 51% | 12% | 63% |
| Private donations/endowments | 19% | 25% | 44% |
| Foundation grants | 11% | 27% | 38% |
| Federal grants and contracts | 9% | 21% | 30% |
| User fees | 6% | 8% | 14% |
| Sales | 2% | 1% | 3% |
| Other | 4% | 4% | 8% |

Tenure in Current Organization/Prior Experience/Future Prospects

Executive Directors: About three in 10 EDs (28 percent) reported that they had served in that capacity prior to coming to their present organization; seven in 10 (72 percent) had not. Once they got to their current organization, they have stayed: 43 percent have served 11 or more years in their current position, 23 percent six to 10 years, 17 percent three to five years, 7 percent for one to two years and 11 percent less than a year. Thus, two-thirds of EDs have led their current organization for at least five years and one-third for five or fewer years.

There will be substantial exit of executive directors from their present organizations, with nearly half (45 percent) leaving over the next five years: 5 percent in less than a year, 13 percent in a year or two and 27 percent in three to 5 years.

A third of EDs expect to remain where they are longer than five years: 18 percent said they thought they would remain in their current position for 11 or more years, 15 percent expected to stay six to 10 years. Nearly a quarter (23 percent) do not know how long they would be in their current position.

Pipeline Leaders: As could be expected, pipeline leaders are much newer to their organizations than EDs: 44 percent have been there for two years or fewer, 31 percent for three to five years, 16 percent from six to 10 years, and 10 percent 11 years or more. And, understandably, they do not expect to be at their current position as long as EDs: 31 percent for two years or fewer, the same percentage for three to five years, 11 percent for six to 10 years and 8 percent 11 or more years. Fully two in 10 pipeline leaders did not know how long they thought that they would remain in their current position.

Pipeline leaders expect to move into positions more senior than their current ones within five years: 78 percent agree that they'll move up, 51 percent agree strongly. And they expect to be with their current organization for the next five years: 75 percent agree, 39 percent strongly. Pipeline leaders are overwhelmingly committed to the nonprofit sector,

with more than nine in 10 (93 percent) agreeing and 70 percent strongly agreeing that they’d still be in the sector after five years. Nonprofit work is the career choice of 92 percent of pipeline leaders.

Pipeline Leaders’ Assessment of Current Organization

Pipeline leaders were queried on the support given them by their ED, whether they were given the training they need to do their current job well, whether they are adequately compensated and if they could earn more with a different organization in the nonprofit sector. They were asked as well about their commitment to the mission of their organization and whether the funding in their present organization is stable and to compare their organization’s funding stability with the nonprofit sector generally.

All pipeline leaders report believing in the mission of their present organizations and almost all (95 percent) strongly believe in their organization’s mission. But at the same time, 30 percent agree (16 percent strongly) that “I would like to move to an organization whose mission I believe in more strongly.” Pipeline leaders overwhelmingly agree (92 percent, 70 percent strongly) that their ED is supportive of their career goal. They are adequately compensated say two-thirds (68 percent) but nearly six in 10 (57 percent, 23 percent strongly) believe they could make a better salary at another nonprofit.

A little more than half (55 percent) of pipeline leaders believe that the funding for their organization is stable; about six in 10 (58 percent) say the funding for their organization is at least as stable as the nonprofit sector overall.

Characteristics of Samples

If pipeline leaders such as those interviewed become executives, this next generation of nonprofit heads will be more diverse racially and ethnically but less gender diverse. Currently, six in 10 executive directors characterize themselves as white, while fewer than half of the pipeline leaders so describe themselves. Pipeline leaders are substantially more likely to be Hispanic or black than executive directors presently. Those who describe themselves as “something else” will also increase, while the proportion of Asians will remain about the same. Presently, executive directors are roughly half women and half men but women make up nearly three-quarters of the pipeline leader pool.

Educationally, executive directors and pipeline leaders are (or will be) similar: more than eight in 10 (82 percent for each group) have at least a college degree. Executive directors are more likely to have a postgraduate degree: 65 percent versus 56 percent of pipeline leaders. But pipeline leaders are on average 10 years younger; in a decade, some of these pipeline leaders will have post-graduate degrees.

| Profile of Respondents | | |
|------------------------|---------------------|------------------|
| | Executive Directors | Pipeline Leaders |
| Sex | | |
| Women | 52% | 73% |
| Men | 48% | 27% |

| | | |
|------------------------|-----|-----|
| Hispanic origin | 12% | 21% |
| Race | | |
| White | 60% | 44% |
| Black/African American | 24% | 31% |
| Asian | 3% | 3% |
| Something else | 12% | 17% |
| Education | | |
| High School | 5% | 3% |
| Some College | 8% | 14% |
| College Degree | 17% | 26% |
| MA/MS | 35% | 26% |
| MSW | 10% | 14% |
| MPA | 2% | 3% |
| MBA | 4% | 2% |
| JD | 4% | 2% |
| Ph.D. | 10% | 6% |
| Other | 4% | 3% |
| Age | | |
| Mean | 53 | 43 |
| Median | 54 | 42 |

The average ages of the pipeline leaders (43), also suggests some rough parameters for calculating investment in and return from leadership development programs targeted toward this group of professionals. As a group, they are roughly 20-25 years from retirement. A program that can reach them now, if successful, can launch them toward two decades of leadership in the sector.

Differences between Above- and Below-Median Executive Directors

The focus groups of executive directors (and board members as well) revealed a sharp divide in the opinions and practices of those associated with above- and those with below-median organizations. The survey of EDs generally confirm/reinforce the focus group findings.

As suggested by the focus groups, below-median organizations are, indeed, less likely to have a succession plan for executive leadership. Regarding professional development/training for executive staff and senior professionals, below-median nonprofits are:

- far less likely to have professional development programs
- far more reluctant to train because it would make employees more mobile
- less likely to take advantage of an affordable, effective training program for senior professionals/executive staff
- far more likely to cite the direct cost of training as a very important reason for not doing more training
- less likely to participate in a training program even if an intermediary/funding organization paid for half the cost of the program
- less likely to see any level of cost of per hour training per employee as “affordable.”

Moreover, EDs of below median organizations feel far less strongly about the need of senior professionals in their organizations for six of the eight skill areas queried in the survey. The major exception, not surprisingly given their financial position, is fundraising. Indeed, 35 percent of below median EDs say that fundraising is the number one priority for their organization - about triple any of the other seven skills and triple the percentage of above-median EDs who cite fundraising as their top priority. Below-median EDs also saw greater need for technology planning skills

The survey results indicate that below-median organizations may be less reluctant to release employees from any portion of the workweek to attend training sessions and that contract requirements are less an impediment to training than was generally suggested in the focus groups.

| Executive Directors of Above- and Below-Median Nonprofits | | |
|--|---------------------|---------------------|
| | Below-Median | Above-Median |
| Organization has a succession plan for executive leadership (yes) | 28% | 34% |
| Organization has professional development for senior staff (yes) | 39% | 52% |
| Staff who receive professional development are more likely to leave than stay and build organization (strongly agree/agree somewhat) | 18%/43% | 9%/26% |
| Likelihood of ED to take advantage of an "affordable, effective training for senior professionals" (very likely) | 53% | 61% |
| Direct cost of training as obstacle to training (very important) | 61% | 41% |
| Organization would participate in training program if intermediary/funder paid half (very likely) | 30% | 43% |
| "Affordability" of training per employee per hour (very affordable): | | |
| \$15 or less | 43% | 53% |
| \$16-25 | 18% | 26% |
| Need for senior professionals for (strongly agree) | | |
| Budgeting | 46% | 58% |
| Management | 33% | 54% |
| Strategic planning | 32% | 44% |
| Facilities management | 25% | 18% |
| Communication | 44% | 58% |
| Performance measurement | 36% | 44% |
| Fundraising | 59% | 38% |
| Technology planning | 40% | 34% |
| Would allow staff to attend professional development training during work hours (very likely/somewhat likely) | 50%/39% | 56%/36% |
| Contract requirements prevent releasing senior/executive staff for training (not a reason at all/not very important) | 53%/22% | 58%/18% |

Clearly, EDs of below-median organizations perceive many more constraints on their ability to train than do their above-median colleagues. Perhaps more concerning, they differ dramatically in their feelings about the benefits of training. A solid majority (61 percent) feel that their training investments will result not in staff departure rather than staff development. Only a bare majority feel strongly (51 percent) that they would take advantage of an “affordable, effective” program, and curiously, an even smaller number (30 percent), describe themselves as “very likely” participants in a program in which an intermediary picks up half of the cost.

Conclusion

Research conducted among UWNYC grantees over the past year reveals a number of conflicting pressures over professional development. EDs say that their senior staff possess given skills, but overwhelmingly feel that they need more work to improve their performance in budgeting, communication, fundraising, and other core areas. PLs say that they have skills, consistently ranking their capabilities in many of these same areas much more highly than even the EDs who believe in their leadership potential. Like the EDs, the PLs are also overwhelmingly in favor of receiving more professional development.

Despite such broadly expressed interest in education and training, our focus group and survey results indicate that individuals and organizations perceive barriers to training. Many – particularly in below-median organizations – feel constrained by their contracts and service obligations. Many have found it hard to identify programs with the quality and services they seek. A substantial majority finds professional development too expensive. Perhaps most disturbing, a sizeable minority – and a clear majority of below-median EDs – avoids professional development because they fear it will cause talented employees to leave.

It is important to note that these observations are not made by leaders and employees of laggard organizations, but of those who, by virtue of inclusion in the survey, have qualified for UWNYC grantee status, and thought well enough of their senior leadership to imagine them in executive roles. The selection process for this survey, while broadly representative, does skew results toward relatively better-prepared and better-managed organizations with relatively more capable staff. For this reason, it is reasonable to assume that resistances to training are much more widespread among organizations that could not meet these hurdles, and indeed, that was our experience in the focus groups.

A striking finding is the level of commitment to the nonprofit sector evidenced by pipeline leaders. They want to stay in the sector, and they want to lead. Further, they are willing to spend their own time and money pursuing additional skills (again, despite the fact that many of them believe that they are already reasonably strong in some of the listed areas).

Intermediary/funding organizations such as the UWNYC can bolster the acceptance of professional development programs and the propensity of PLs to take advantage of them

by requiring training and supporting it to some extent. Meeting organizations at the “affordability” thresholds may be one place to start thinking about the possible costs of such a support structure. Organizations that receive assistance are much more willing to participate than they are in the absence of such assistance, and those required to comply as a condition of funding are almost universally willing to do so.

Both EDs and PLs have strong feelings about the kind of training they find most valuable. Organizations want to see training models that combine the best of professional and academic training. Standing alone, both are perceived as worthwhile, but almost all respondents prefer joint offerings.

Finally, these results suggest several areas of activity only loosely related to professional development per se. First, the large numbers of EDs citing workload and contract restrictions as a problem in seeking training for their senior staff suggests both the need to work with EDs to show them how to manage contracts more effectively and the need to lobby funders on their behalf so that restrictive contract terms do not ultimately damage the ability of nonprofit organizations to discharge the very services they have committed to provide. Though the data in this study do not support further analysis of possible problems with contracts, the salience of state and local contracts as an organizational funding source and the anecdotal responses to those contracts in the focus groups suggests that there may be a pervasive problem with the structure of government contracts. More research is required to detail the nature of the problem.

A second area for further research, and closely related to the first point, is the role of foundation funding in either encouraging or discouraging leadership training. Focus group respondents were clear that the problem extended to their foundation grants as well as their government contracts. They found the terms often too restrictive, and neglectful of basic institutional development needs in the organization. There has been a great deal of attention to capacity-building in the nonprofit sector in recent years; professional development issues should be included as a critical element of the capacity equation.

Third, the very strong differences between above- and below-median EDs suggest that there are two different nonprofit cultures and two different sets of development needs. Above-median EDs are fairly clear about the relevance of the basic touchstones of professional managerial education to their core organizational missions; the below-median EDs are not. Above-median EDs are much more likely to report finding ways around tight training budgets and workload restrictions than their below-media counterparts. In the focus groups, pipeline leaders working for below-median organizations were quite clear that their propensity to move onto another organization would be strongly influenced by the limited opportunities that they saw their employers making available.⁶

⁶ The connection between professional development and retention has not been missed in the private sector. Paul Michelman writes, “Many firms . . . are finding that the key to retention is found in a strategy that considers both their employees’ personal aspirations (career development, recognition, reward) and the aspirations they possess for their organizations.” See “Why Retention Should Become a Core Strategy Now,” *Harvard Management Update*, 8, 10 (October 2003), pp. 1-4.

Too much can be made of these differences – there is broad agreement about many elements of employee retention and the role of development in doing so – but the differences should not be neglected either. It may be necessary to target programs expressly for below-median organizations to build their ability to incorporate professional development, and by extension, the improved managerial practices that should flow from a sound leadership program.