

# Daring to Lead:

## Nonprofit Executive Directors and Their Work Experience

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In partnership with

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- ◆ Nonprofit Advancement Center/  
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# Executive Summary

This national study of nonprofit executive directors expands on the findings of CompassPoint's 1999 report, *Leadership Lost: A Study of Executive Director Tenure and Experience* by looking more closely at professional experience, compensation, tenure trends, and executive training and support. To conduct this study, CompassPoint partnered with four foundations and technical assistance providers from a cross-section of regions around the country: the Eugene and Agnes Meyer Foundation in Washington D.C., the Center for Nonprofit Management in Dallas, Texas, the Hawai'i Community Foundation in Honolulu, Hawai'i, and the Nonprofit Advancement Center in Fresno, California. The five regions yielded 1,072 survey responses from executive directors of nonprofits of all types and sizes.

The report's findings are divided into five sections: characteristics of executive directors, professional background and recruitment, compensation, job satisfaction and retention, and executive training and support. Some key findings:

- ◆ Women substantially outnumber men in nonprofit executive director positions—in most regions they make up 60% or more of the population.
- ◆ Men disproportionately lead large agencies. Although men make up 38% of the total population, they run 55% of the agencies with annual budgets of \$5 million or more.
- ◆ Seventy-five percent (75%) of executive directors are European/white, with representation of other ethnic/racial groups varying by region.

## **Career paths:**

- ◆ Sixty-four percent (64%) of current executives were recruited from outside their agencies—just 36% were promoted from within their agencies.
- ◆ Nearly two-thirds of executive directors are in the role for the first time.
- ◆ The most significant challenges of the executive role are high stress and long hours, anxiety about agency finances, fundraising, and managing people. The relative intensity of these challenges varies by agency size and developmental stage.

## **Salaries:**

- ◆ The national average (5% trimmed mean) for executive compensation is \$57,332, with compensation varying significantly by region.
- ◆ Women executives are paid less than their male counterparts for the same jobs. The differential is especially acute among large agencies: the average salary for a female executive director of a nonprofit with a budget between \$5 and \$10 million is \$82,314, while the average salary for a male executive is \$98,739.

## **Tenure:**

- ◆ Despite enjoying their work a great deal and reporting to be very skilled at it, fewer than half of current executives plan to take on another executive director role.

## **Executive director training:**

- ◆ Executive directors rely most heavily upon their work colleagues and other peers for both information and support—less so on formal supports such as coaching and college-based course work.
- ◆ Boards have an impact on executive tenure and satisfaction and on agency success. Longer-tenured executive directors and those leading larger agencies perceive their boards to be more supportive and helpful than executives projecting shorter tenures for themselves or heading smaller agencies.

- ◆ Respondents spoke to what additional support they could use. After “more money” which was mentioned by 36% of the executives, help with board development was requested by 23% and more staff to lighten their loads (additional management and administrative assistance) was specified by 21%.

The picture that emerges from this study is one of hundreds of thousands of nonprofit executive directors around the country, working to serve and change communities, and largely prevailing in that work despite the difficulty of their jobs and dearth of targeted supports for them. When this important group of leaders is at risk of being overwhelmed or forced out due to low pay, or when the pool cannot be sufficiently replenished, all communities suffer. But there *are* ways for funders, technical assistance organizations, and boards of directors to provide intentional and effective support to nonprofit leaders. This report concludes with a series of calls to action—ways each of these groups might positively impact executive retention and the quality of nonprofit leadership.

#### A WORD ON TERMINOLOGY:

In this study we use the term “executive director” to describe the top staff position in a nonprofit, 501(c)(3) organization. Although a variety of titles are used for this position—sometimes president, or director, or CEO, for example—the term “executive director” remains the most widely used.

## II. Acknowledgements

This study's scale and geographic reach were made possible by CompassPoint's four partners on the project. We are grateful to MaryAnn Holohean of the Meyer Foundation, Christine van Bergeijk of the Hawai'i Community Foundation, Hedy Hellsell of the Center for Nonprofit Management, and Janice Mathurin of the Nonprofit Advancement Center for their collaboration. Each is personally committed to supporting the leaders of the nonprofit sector, as are their respective organizations. We should note that all of the partners donated their time and resources to include their regional constituents in the national sample.

Secondly, we gratefully acknowledge the 1,072 executive directors from around the country who took the time to respond to our survey, adding their voices to a story we are eager to tell on their behalf. In the Bay Area and in Fresno, California, some of these executives also participated in focus groups. We appreciate the input and the partnership of our fellow nonprofits in documenting major issues facing our sector.

CompassPoint staff who also assisted with this study include Barrett Shaver and Pardis Parsa. We also thank the leaders of the Young Nonprofit Professionals Network (YNPN), including Nelson Layag and Janet Camarena, for their generosity in sharing the information about their members.

This study is also indebted to the early clients of the Executive Leadership Services program at CompassPoint. In the two years since we published *Leadership Lost*, we have had the opportunity to serve and learn from a variety of nonprofit leaders. Our interpretation of this study's data is certainly shaped and illuminated by these experiences. Our enthusiasm for this research is a direct result of our commitment to supporting and learning from the sector's leaders—those who dare to lead.

### III. Introduction & Background to the Study

In 1999, CompassPoint Nonprofit Services published *Leadership Lost: A Study on Executive Director Tenure and Experience*. While the study was small in scale—137 respondents in the San Francisco Bay Area—it was remarkably high in impact. It helped to frame the concerns regarding nonprofit leadership retention and served as a wake up call to technical assistance providers, funders, and boards of directors. In particular, the notion of the executive director role as a one time event posed a number of challenges to those of us supporting the sector—not the least of which was how can we more effectively support and retain the talented people who commit themselves to nonprofit causes.

During the past two years we have followed our own recommendations from *Leadership Lost*: focusing technical assistance on executive directors and the boards of directors who hire and support them, and providing forums for executive networking and skill building. Ultimately, we felt compelled to respond to our own call for further research. We sought to test *Leadership Lost*'s findings on a larger, national scale and to probe deeper into the career paths, job challenges, and training and support resources of executive directors. Our keen interest in this topic is rooted in our own developing work in *Executive Leadership Services* as well as our recognition of emerging trends in management assistance and reform. Therefore, the concepts and rationale behind this research include:

- ◆ The success of nonprofit organizations relies heavily on skilled executive direction. In better understanding and supporting executive directors, we better support nonprofits.
- ◆ Executive directors are community heroes—leaders that should be fostered and sustained not only for what they accomplish through their organizations, but for what they help their communities to accomplish.
- ◆ In most cases, nonprofits benefit from executive tenure of at least 3 to 5 years. A series of successive, short-tenure executives can do lingering harm to an agency's culture and performance.
- ◆ The emergence of targeted executive leadership services, including executive coaching, leadership skills development, and transition services, is a positive development in the management support field. Executive directors have heretofore rarely been a specialized audience for technical assistance.
- ◆ The content of executive support is in its early stages of development. The extent to which “professionalization” and standard business models shape that content is of concern. A deficit-based approach to supporting passionate nonprofit leaders would be counter-productive in the effort to sustain their commitment to the sector.
- ◆ Finally, on a higher level we hope that the field's overdue focus on executive directors will lead us to a more meaningful definition of leadership in the nonprofit context. What are the essential characteristics of strong nonprofit leadership? How do an agency's board members, executive director and staff managers develop themselves as a nonprofit leadership team? How do they properly complement one another's roles such that each one's responsibilities are manageable?

In the fall of 2000, CompassPoint partnered with four regional foundations and technical assistance providers also committed to supporting sector leaders: the Meyer Foundation in Washington D.C., the Center for Nonprofit Management in Dallas, Texas, the Nonprofit Advancement Center in Fresno, California, and the Hawai'i Community Foundation in Honolulu, Hawai'i. Together, the five regions yielded a sample of more than 1,000 nonprofit executive directors. Their responses

broaden and deepen our collective understanding of nonprofit leadership, and inform the continued development of appropriate assistance—technical and otherwise—from boards, funders, and management support organizations.

## IV. Methodology

Primary data for this study was collected through a 37-question written survey and from focus groups held in the San Francisco Bay Area and in Fresno, California. One thousand and seventy-two (1,072) surveys were collected by CompassPoint and its four regional partners in this research:

- ◆ Dallas, Texas: Center for Nonprofit Management
- ◆ Fresno, California: Nonprofit Advancement Center/Fresno Regional Foundation
- ◆ Hawai‘i: Hawai‘i Community Foundation
- ◆ San Francisco Bay Area/Silicon Valley: CompassPoint Nonprofit Services
- ◆ Washington, D.C.: The Eugene and Agnes E. Meyer Foundation

Each partner distributed the survey by U.S. mail to its own regional constituency. All surveys were completed anonymously and returned to CompassPoint in San Francisco. Data was entered and analyzed with SPSS statistical software by the CompassPoint research team. (Total number of surveys mailed out, i.e., response rate?)

The five regions represent a cross-section of nonprofit sub-sectors. Their geographic distribution is among the west and east coasts, the south, and an agribusiness region of central California. The regions have diverse populations, economic indicators, philanthropic activity, and nonprofit cultures. Though the five regions may not comprise a statistically representative sample of the national nonprofit sector, their considerable distinction from one another, along with the large sample of executive respondents allow us to present our findings with confidence.

A total of 2,986 surveys were mailed in the five regions yielding a response rate of 36%. Representation among the five regions ranged from 10% to 28%, with the smallest percentage of respondents from Fresno and the largest from Washington D.C.

**Figure 1 Respondents by Region**

Region	No. of respondents	% of respondents
SF Bay Area/SV	231	21.5
Fresno	111	10.4
Dallas	197	18.4
Washington D.C.	297	27.7
Hawai‘i	236	22.0
	1,072	100%

In order to probe some of the key issues that surfaced in the survey data, the CompassPoint research team drafted a focus group protocol. Small groups of EDs in Fresno and in the Bay Area were informed of key survey findings and asked by facilitators to respond to them. Most of the focus groups were tape-recorded; all had dedicated note-takers present. Participants are quoted in the study without attribution. Our thanks to the following nonprofits for their participation:

#### BAY AREA

AROS	Lincoln Childcare Centers
Berkeley Youth Alternatives	OASES
Billy DeFrank Lesbian/Gay Center	Ombudsman, Inc.
Center for Independent Living	Pacific Center for Human Growth
CitiCentre Dance	Role Model Program
Community Services of Mountain View	Salvation Army
Council on Aging	Social Advocates for Youth
East Bay Asian Youth	Sports 4 Kids
East Meets West Foundation	Support Network for Battered Women
Habitat for Humanity	Unity Care
Jewish Community Services	Urban Ecology
Jobs Consortium	Xanthos

#### FRESNO AREA

American Lung Association	Multiple Sclerosis Alliance
American Red Cross	North Fork Chamber of Commerce
Big Brothers, Big Sisters	Older Adult Social Services
Criminal Justice Alternatives	Open Gate Ministry
Family Resource Council	Poverello House
Foodlink of Tulare County	Sierra Foothill Conservancy
Fresno Interdenominational Refugees Ministry	Spirit of Woman of California
Greater Fresno Chamber of Commerce	Stone Soup
Habitat for Humanity, Visalia	United Way of Tulare County
Heartland Opportunity Center	Valley Public Television
Lao Family Community of Fresno	Westside Youth Center

A simultaneous investigation of prospective *future* nonprofit executives, conducted by the Young Nonprofit Professionals Network (YNPN), served as an additional source for the study. Their sample of 325 Bay Area nonprofit professionals under 35 years old responded to a web-based survey that included questions about their aspirations for—and concerns about—the executive director role.

Finally, we also drew heavily on our own experiences in consulting to nonprofit organizations and in developing executive leadership services over the past two years. Each year CompassPoint staff contract with 300+ nonprofits for consulting services, including dozens that we support in executive director transition. As part of this effort, our staff have also held workshops and town hall meetings, met with many executive directors around the country, surveyed literature on both nonprofit and for-profit leadership, and explored issues in our Executive Leadership practice group. We have tried to bring that “from the field” perspective and voice to this research.

## V. Findings

This section on Findings is separated into major areas:

- A. Characteristics of executive directors
- B. Career paths to executive director
- C. Salaries
- D. Tenure, job satisfaction, and post-ED career paths
- E. Executive director training and support

Each of these major categories begins with key findings in that area, and concludes with a summary of implications.

### A. Characteristics of Executive Directors

This section describes the population of nonprofit executive directors: their genders, ages, races/ethnicities and educational backgrounds, with some regional differences highlighted.

## 4

### Key Findings CHARACTERISTICS OF EXECUTIVE DIRECTORS

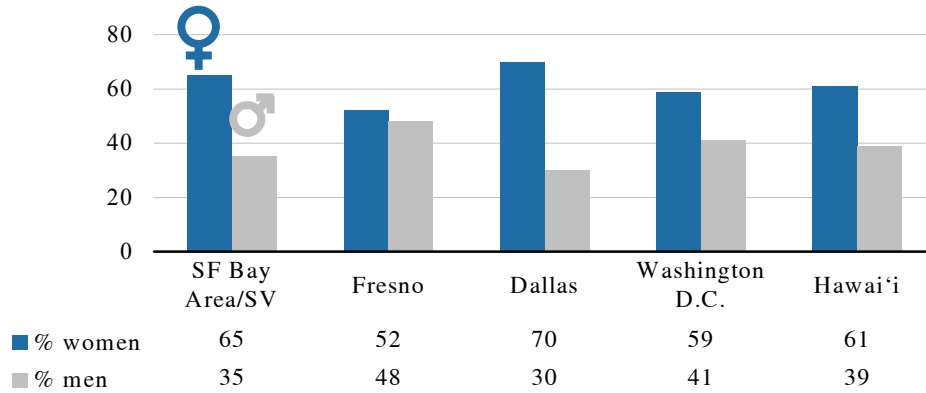
- ◆ Women considerably outnumber men among nonprofit executive directors: 62% of executives are women.
- ◆ The majority of executive directors are in their late forties or early fifties, and reflect the career paths and life experiences of ‘baby boomers.’
- ◆ Executive directors are well educated: more than half have advanced degrees.
- ◆ Gender and age were fairly constant across the regions, but racial and ethnic representation was quite different in the five regions.

**Gender:** In every region, women executives outnumbered men, with the greatest disparity in Dallas (69% women) and the lowest in Fresno (52% women). The executive director job is most often a woman’s job, with women making up 62% of the executive population nationally.

Figure 2 Percentage of Women by Region

Region	No. of women executives	Total sample	% of total respondents
SF Bay Area/SV	150	231	64.9
Fresno	58	111	52.3
Dallas	136	197	69.0
Washington D.C.	175	297	58.9
Hawai‘i	142	236	60.2
Total sample	661	1,072	62.0

Figure 3 Gender of Executive Directors by Region



**Age:** Half of respondents (50.6%) were 49 years old or younger, and 18% were younger than 40 years old. The San Francisco Bay Area had the youngest average age for respondents, at three years less than the next youngest group. There appears to be a fairly healthy distribution of age, suggesting that the sector is attracting new leaders. These younger executives may have different expectations and demands than the large cohort of baby-boomer executives who were shaped by the activism and cultural movements of the 1960s.

Figure 4 Age of Executive Directors Nationally

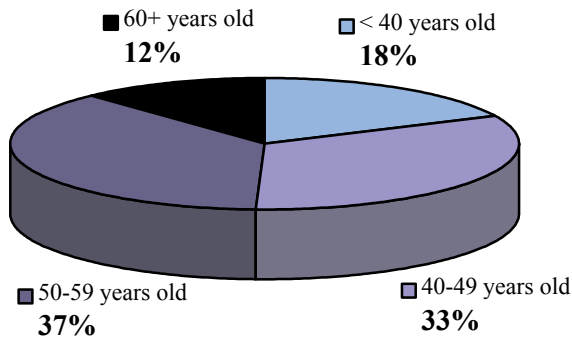


Figure 5 Age by Region

Region	Median age	Mean age
SF Bay Area/SV	45	45.5
Fresno	51	50.4
Dallas	50	48.8
Washington D.C.	49	48.7
Hawai'i	51	51

**Race/ethnicity:** The vast majority of executive directors across the country are European/white, with 75% of the total sample in this category.<sup>1</sup> Executives in Washington D.C. were three times (300%) more likely to be African American than in any of the other regions, reflecting in part the demographics of the nation's capital. Asian Americans were most represented in Hawai'i and the San Francisco Bay Area, while the largest percentage of Latino executives was in Fresno.

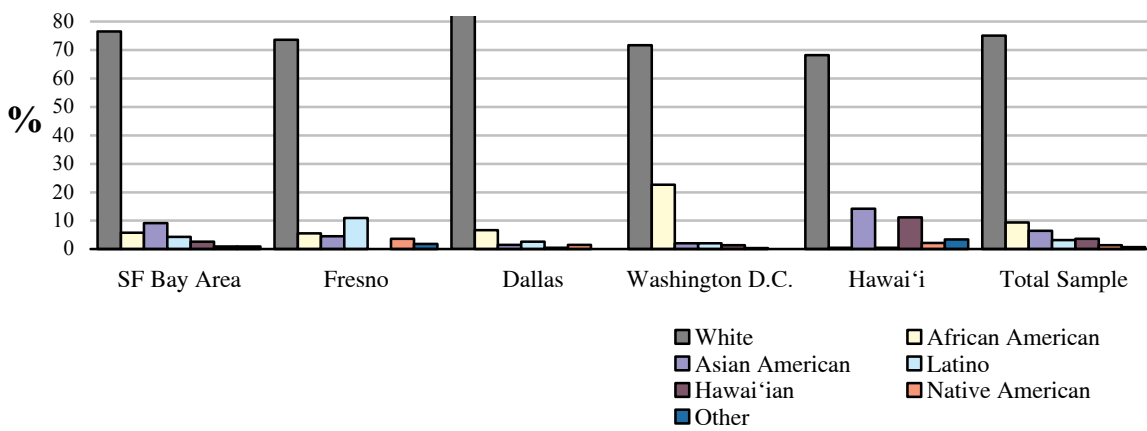
“ I have noticed that a lot of cultural/arts and start-up nonprofits tend to have a more diverse range of leadership—younger, more females, gay/lesbian. More established groups seem to be more white, more male. ”

<sup>1</sup> A Joint Affinity Group study found that 94.6% of foundation CEOs are white, and 5.4% people of color.

**Figure 6 Race/Ethnicity of Executive Directors by Region**

Region	SF Bay Area/ Silicon Valley %	Fresno %	Dallas %	Washington, D.C. %	Hawai'i %	Total sample %
European/white	76.5	73.6	87.2	71.7	68.2	75.0
African American	5.7	5.5	6.6	22.6	0.4	9.4
Asian American	9.1	4.5	1.5	2.0	14.2	6.4
Hispanic/Latino/a	4.3	10.9	2.6	2.0	0.4	3.2
Hawaiian	2.6	0.0	0.5	1.3	11.2	3.6
Native American	0.9	3.6	1.5	0.3	2.1	1.4
Other	0.9	1.8	0.0	0.0	3.4	0.7
Total	100.0	100.0	100.0	100.0	100.0	100.0

**Figure 7 Race/Ethnicity of Executive Directors by Region**



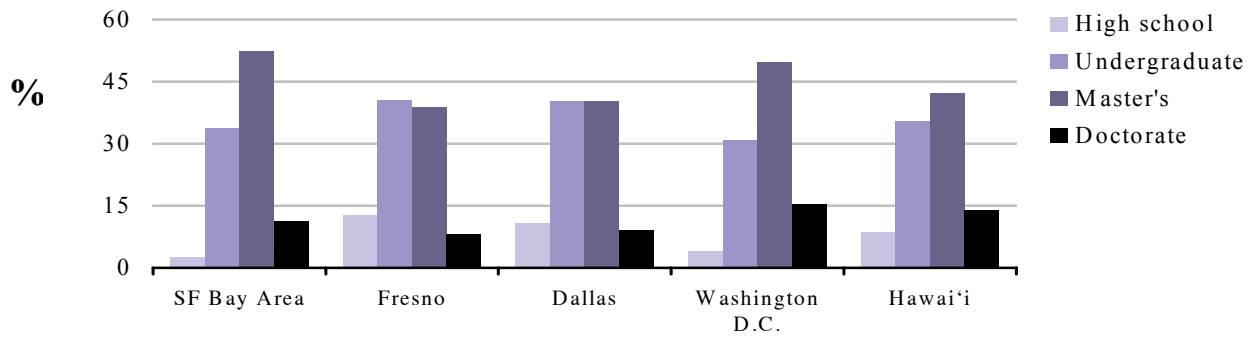
**Education:** Overall executive directors were highly educated; 58% had Master’s degrees or doctorates. Nonprofit leaders were most likely to have “program-related” graduate degrees such as social work and education; 9% reported having an M.B.A. or similar business or administration degree.

Levels of education did vary among the regions: Washington D.C. and the San Francisco Bay Area had the highest percentage of advanced degrees among respondents. Conversely, Fresno and Dallas had the largest percentage of executive directors whose highest level of formal education was high school.

**Figure 8 Education Levels**

Educational Level	% of respondents
High school	6.8
Undergraduate	35.1
Master’s	45.7
Doctorate	12.3

Figure 9 Education Levels of Executive Directors by Region



### 3 Key Implications **GROUP CHARACTERISTICS**

- ◆ The design and delivery of executive leadership support and training should be responsive to a largely female audience.
- ◆ As a new cohort of executives assume leadership roles in nonprofits, boards and technical assistance providers should not assume that its motivations and approaches will be identical to its predecessor's.
- ◆ Efforts to identify, develop, and support nonprofit leaders of color, and organizations based in communities of color, are essential.

## B. Career Paths to Executive Director

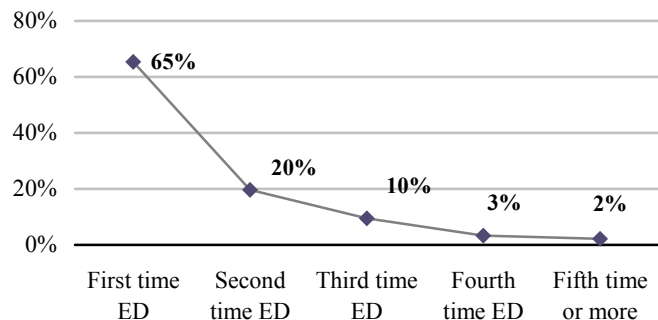
What are the career backgrounds of executive directors? Do they come from other nonprofits or from within the organizations they now lead? How many have crossed sectors in their careers from government or business? This section explores the professional histories of the respondents.

### 3 Key Findings CAREER PATHS TO EXECUTIVE DIRECTOR

- ◆ The overwhelming majority (65%) of the respondents are first-time executive directors.
- ◆ Half of executives bring management experience from the for-profit sector and/or public sector to their nonprofit work.

**First-timers:** Consistent with the findings of *Leadership Lost*, the majority of respondents were executive directors for the first time. As shown in Figure 10, 65% of respondents were on their first executive director job—with another 20% having been an executive director just once previously.

Figure 10 Previous Executive Director Positions Held



**Tenure:** In addition to being first-timers, respondents' tenure was relatively short. A remarkable 51% had held their positions for four years or less, with the possible implication that they have not had much time to grow into the job. With so many first-timers and a quarter of respondents in their position for two years or less, we can assume that many nonprofit leaders are “learning by doing.”

Figure 11 Years in Current Position

Years	% of respondents	Cumulative %
< 2	25.4	25.4
2-4	25.9	51.3
5-7	17.8	69.1
8-10	11.5	80.6
11-15	10.2	90.8
16+	9.3	100

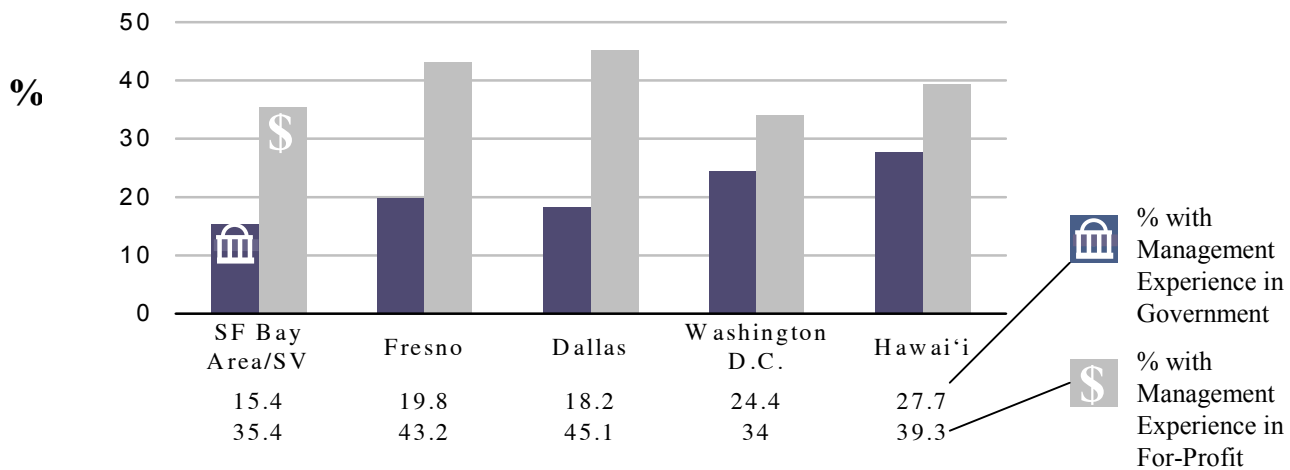
**Previous experience in the sector:** Despite being new to the role of executive director, respondents had many years of experience within the nonprofit sector. They may be relatively new to the demands of the executive director job—such as working with a board or financial responsibilities—but they are familiar with the sector and the environment of nonprofit organizations. A remarkable 17.9% of respondents have 26 or more years of experience with nonprofits.

Figure 12 Years in the Nonprofit Sector

Years	% of respondents	Cumulative %
< 5	13.8	13.8
5-10	21.6	35.4
11-15	19.3	54.7
16-25	27.4	82.1
25+	17.9	100

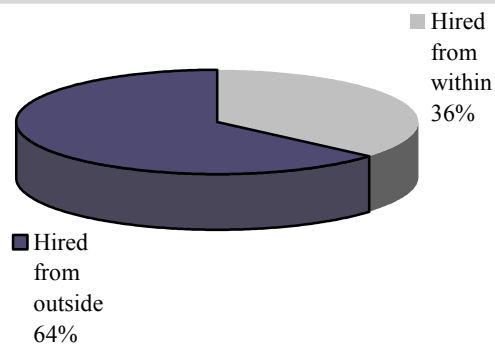
**Management experience:** In contrast to the frequent assumption that executive directors have little management experience outside the nonprofit sector, a substantial number of the respondents had previous management experience in the for-profit and government sectors. There were regional differences in this tendency for cross-sector management experience. Region was significantly associated with management experience in the government sector (chi-square = .011), with Hawai'i and Washington D.C. respondents more likely than their counterparts to have held such positions. Though not statistically significant, within their regions Dallas and Fresno respondents had higher percentages of for-profit management experience.

Figure 13 Cross-sector Management Experience by Region



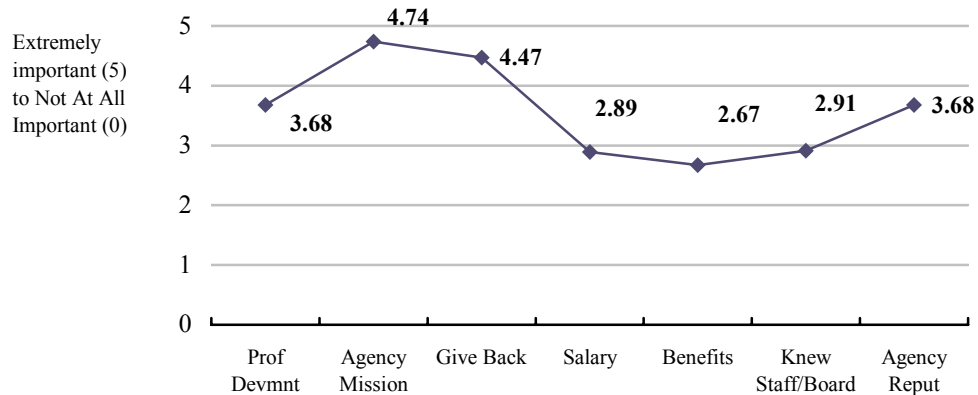
**Internal/external hiring:** Respondents were recruited from outside their agencies by a ratio of nearly 2 to 1. Of those who did rise to an executive role from within their agencies, “Program Director” was the most frequent previous role. This issue was complicated by the ways in which “founders” and “volunteers” variously described their prior involvement with their agencies. For instance, a founding executive director may have described herself as hired from within *or* from without. (The survey did not provide a third option called “founder” in presenting this question.) Still, in most cases, boards of directors appear to look outside their agencies for new leadership.

Figure 14 Recruitment of Executive Directors



**Reasons for taking the job:** Overwhelmingly, respondents took their current jobs because of the mission of their agencies as well as their own desire to help others and to give back to their communities. The anticipation of finding meaning and contributing to others was significantly more influential than more traditional factors such as salary and benefits—or even reputation of the agency—in their decisions to take on nonprofit executive positions.

Figure 15 Reasons for Taking Executive Director Positions



## 4 Key Implications CAREER PATHS TO EXECUTIVE DIRECTOR

- ◆ There is a huge population within the sector of first-time executives likely eager for management training and executive leadership skills development.
- ◆ Boards of directors should emphasize their agencies' mission and values—not simply job components and desired skills—in attracting candidates to their executive positions.
- ◆ Boards of directors can expect and demand management experience when hiring nonprofit executives, but they should consider transferable skills from the government and business sectors in addition to nonprofit experience.
- ◆ Technical assistance and coaching to executives should be mindful of what motivates their work: community and mission.

## C. Salaries

This section includes findings on executive salaries, noting variations among regions, agency sizes, and genders. Gender representation at various sized agencies is also discussed.

### 4 Key Findings SALARIES

- ◆ The average annual salary of a nonprofit executive is \$57,332, with significant regional differences.
- ◆ Executives are generally satisfied with their salaries, although this satisfaction may reflect their newness to the job and/or the modesty of their expectations.
- ◆ Women are far more likely than their male counterparts to run the smallest nonprofits, and less likely to run the largest nonprofits.
- ◆ Women executive directors are paid significantly less than men, even controlling for size of organization.

Because salary and benefits were not the primary motivations for taking on executive leadership roles, it is not surprising that respondents were fairly happy with their compensation—or at least not markedly dissatisfied. This is despite salaries typically between \$40,000 and \$60,000 in some of the country’s most expensive urban areas. On a scale of 1 to 5, respondents’ mean rating of their satisfaction with their compensation packages was 3.47, though a substantial portion of the population—27%—rated their compensation packages a 1 or 2.

Figure 16 National Salary Levels

	\$ Salary
mean	59,517
5% trimmed mean	57,332
lowest reported	0
highest reported	420,000

“

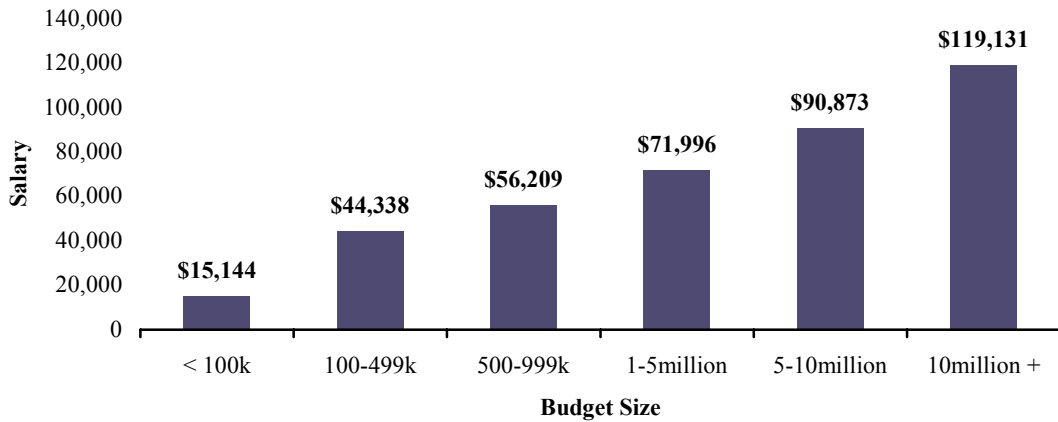
*This is a great misconception that people who do ‘good’ work don’t want or don’t deserve to be appropriately compensated. What I do right now is 10 times harder than any of the positions I have held in the corporate or business sectors.*

”

As expected, compensation is directly associated with agency budget size. Figure 17 shows the national average salary (5% trimmed mean)<sup>2</sup> for each of six agency budget ranges.

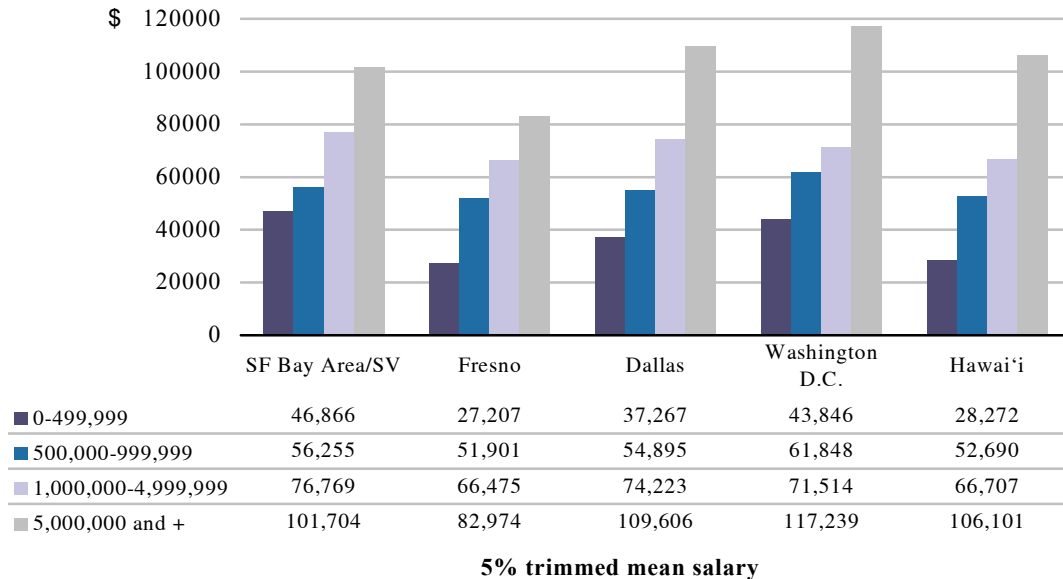
<sup>2</sup> In a “trimmed mean,” the largest 5% and smallest 5% of the cases have been eliminated. By eliminating extreme cases, we result in a mean, or average, that is a better estimate of central tendency.

Figure 17 Executive Director Salaries by Agency Budget Size



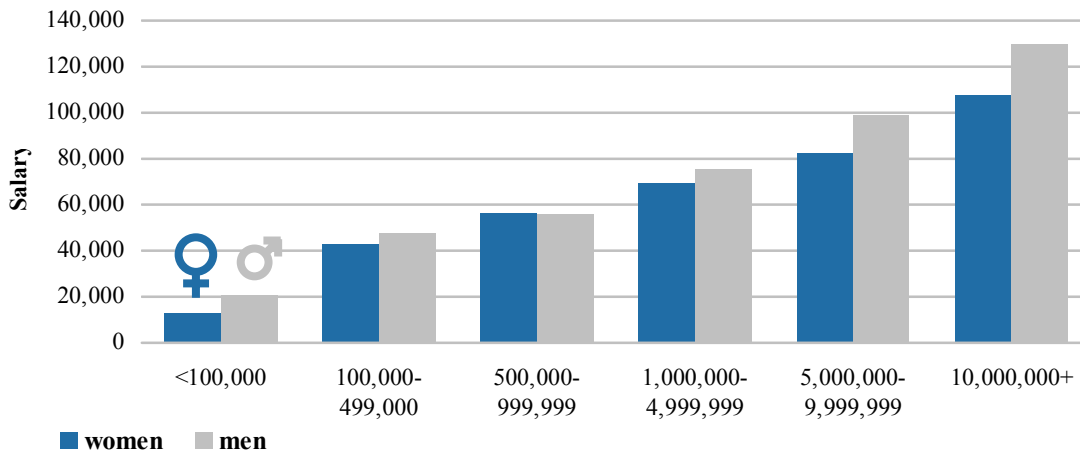
Compensation also varied significantly by region; 13.5% of executive directors from Washington D.C., for instance, had salaries of more than \$100,000, while in Fresno just 2.9% were paid at that level. This reflects not only varying costs of living, but also the relative number of large, high-budget nonprofits in the respective regions. Hawai‘i and Fresno have significantly more executive directors with salaries below \$20,000 than the other regions. Many of these are volunteers (with no salary at all). Nationally, 61 of the 1072 respondents, or 6%, received no salary for their work.

Figure 18 Compensation Levels by Region



Despite the predominance of women in nonprofit executive positions around the country, male executives make significantly more than their female colleagues do. Salary and gender were significantly associated (chi-square = .000). Moreover, men are more likely than women to run larger, higher budget nonprofits. Although men make up 38% of the total population, they run 55% of the agencies with annual budgets of \$5 million or more. Fifty-two percent (52%) of the male respondents run agencies with budgets of \$1 million or more, while just 35% of women respondents run agencies of this size.

Figure 19 Salary Gender Gap at Various Budget Sizes



Interestingly, salary differentials are not explained by representation at various budget sizes; that is, even at similar sized agencies, women executives are making less than men do. While this is not different from the business sector, we might have expected the nonprofit sector to be more aware and proactive about equal pay for equal work.

The gender gap is especially wide for agencies with budgets of more than \$5 million. For instance, the mean salary nationally for women executives of nonprofits with budgets of between \$5 and \$10 million was \$82,314; at this same budget size, the mean salary for men was \$98,739.

“So my board says to me ‘So what [salary] do you want?’ I thought, ‘If I was a man I’d be ready.’ I mean that’s our role, to know what we want. What I really wanted was 6 weeks vacation, and I got it.”

“Men are treated to higher salaries. The first time I asked for a significant raise, I was told ‘your husband should be making more.’”

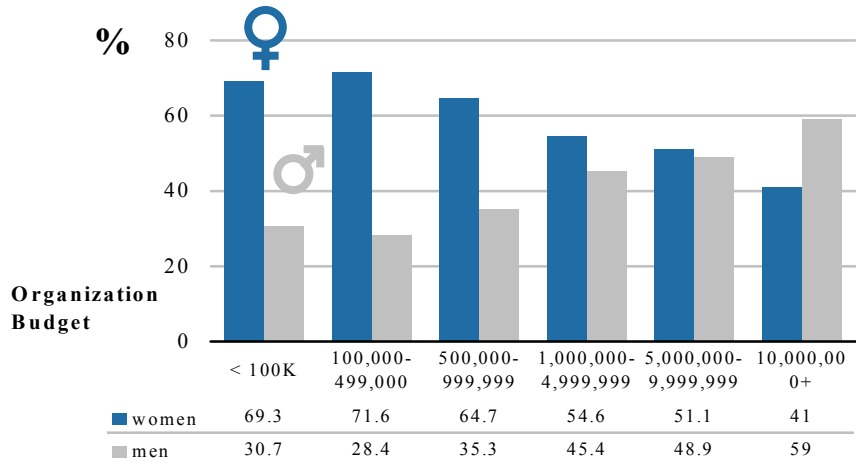
These findings are in line with a recent study by GuideStar, whose report was based on computerized analysis of Form 990 returns for nearly 75,000 nonprofits.<sup>3</sup> Their study found, for instance, that fewer than 20% of the top executives of organizations with budgets of \$25 million or more are female. GuideStar also found that these gender inequities in pay go beyond the executive position to other senior management positions such as development director and chief financial officer.

Interestingly, the salary gender gap was smallest in the San Francisco Bay Area—the only one of the five regions where salary was *not* significantly associated with gender. In the budget range of \$1 million to \$4,999,999, women executives in the San Francisco Bay Area had an average (5% trimmed mean) salary of \$78,034 while their male counterparts at that budget size averaged \$74,900. But, at budget sizes of \$5 million and over, the Bay Area’s male executives made significantly more than women executives did: an average of \$93,907 for women and \$109,167 for men.

<sup>3</sup> “Unbalanced Pay Scales,” *Chronicle of Philanthropy*. May 31, 2001, Page 33.

The over-representation of women in the two smallest budget sizes suggests that women have been more likely than men to found nonprofits. But, as agencies grow in size, the chance that men are running them grows as well. This is what Michael O’Neill has termed the “paradox of women and power in the nonprofit sector.”<sup>4</sup>

Figure 20 Gender Representation by Organization Budget Size



Some sector scholars argue that “women may constitute a majority of the nonprofit work force but they are typically prevented from reaching top executive and policy-making positions in nonprofit agencies, especially the larger, more prestigious, and more influential ones.”<sup>5</sup>

“So we’re putting all the front-end work into building these nonprofits—raising money and building the board—so that men can take them over when they’re finally running smoothly?”

This is a complex issue with many potential variables, including the negotiating skills of women executives and the biases of members of nonprofit boards of directors, especially at the larger budget-sizes. Are there spoken or unspoken attitudes among hiring boards regarding who the “best face” for a high profile nonprofit is? The discrepancy is not, however, explained by varying levels of nonprofit experience or education, neither of which was significantly associated with gender.

### 3 Key Implications

#### SALARIES

- While executives report to be fairly satisfied with their compensation, this may have more to do with expectations than long-term sustainability, especially among small and mid-sized agencies.
- Women executive directors may not have salary expectations or negotiation skills commensurate with their experience and representation in the nonprofit sector.
- As in the for-profit sector, there appears to be a lingering assumption among nonprofit boards of directors that men are more capable of assuming the high prestige leadership positions in the sector.

<sup>4</sup> O’Neill, Michael. “The Paradox of Women and Power in the Nonprofit Sector” in *Women and Power in the Nonprofit Sector*. San Francisco: Jossey-Bass Publishers, 1994.  
<sup>5</sup> Ibid. Page 2.

## D. Tenure, Job Satisfaction, and Post-ED Career Paths

This section begins with examining how much longer executive directors expect to stay on their jobs, and goes on to discuss their enjoyment of their jobs, how they assess their skills for the job, what aspects of the job are the most difficult, and where they expect to go next.

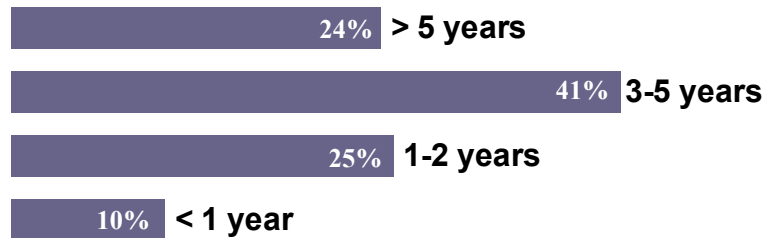
### 3 Key Findings **TENURE, JOB SATISFACTION AND POST-ED CAREER PATHS**

- ◆ Most executives plan to stay with their current agencies for 3 or more years.
- ◆ Though a majority of current executives plan to stay in the nonprofit sector in some capacity after their current job, only about half plan to be executive directors again.
- ◆ High stress, long hours, and concern over agency finances are the major stress factors for nonprofit executive directors—especially those running small and mid-sized agencies.

A primary objective of this research was to understand the anticipated career paths of current executive directors. How long can we expect them to stay in their jobs? Will they stay in the nonprofit sector? We've established that the vast majority of executives are in the role for the first time. Do they see themselves doing the job again?

Thirty-five percent (35%) of respondents anticipated leaving their current jobs within the next two years. Predicted length of stay was significantly associated with job enjoyment (chi-square = .000) as well as satisfaction with compensation (chi-square = .001). In other

Figure 21 **Anticipated Length of Stay in Current Executive Position**



words, those who anticipated leaving their jobs soonest were least happy in their work and less satisfied with their compensation than their colleagues. On the other hand, a reassuring 65% of respondents see themselves staying with their agencies for 3 or more years.

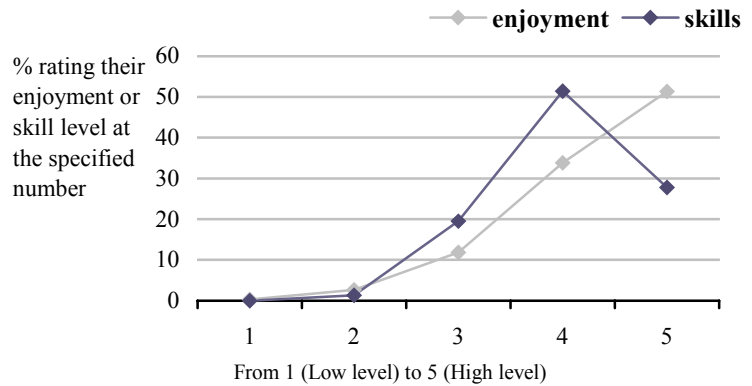
Although many factors contribute to the number of years executives expect to stay on their jobs, one important factor is likely to be their enjoyment of their jobs, and their confidence in the skill levels they have for the job's responsibilities.

In terms of enjoyment, an encouraging finding is that executive directors enjoy their work. Eighty-five percent (85%) rated their enjoyment of their jobs at either a 4 or a 5 on a scale ranging from a low of 1 to a high of 5.

Executive directors also rated their skill levels high, with 79% rating their skills 4 or 5 on a scale ranging from a low of 1 to a high of 5. The following figure shows a high correlation between perceived skill levels and job enjoyment, suggesting that one way to increase job enjoyment (and thereby tenure) is to increase skill levels.

The finding that seems contrary to these very high enjoyment and satisfaction ratings is that a majority of respondents don't see themselves taking another executive director position. These data corroborate *Leadership Lost's* findings that executive directors largely enjoy their jobs as a means of addressing important community needs (mission) but don't want to do it again because of the high stress involved (burnout). Thus, being an executive director is a one-time event. This current study finds, however, that, while fewer than half plan to be executives again, most respondents do intend to stay involved with the nonprofit sector.

Figure 22 Job Enjoyment and Skill Level



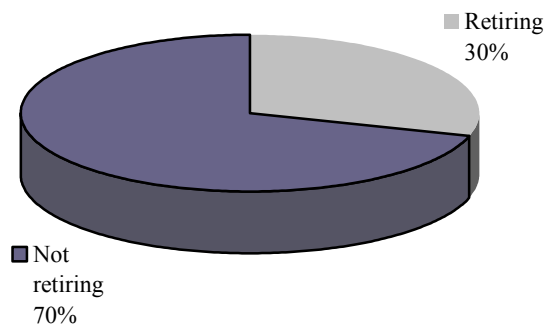
*After thirty years in the nonprofit sector, I really wish I had taken another path. The work has been 'rewarding,' but I'm not sure if it was worth the personal sacrifices.*



One inevitable factor in leadership retention is retirement. With the age data showing that half of current executives are in their fifties and sixties, many plan to retire out of their current roles. Indeed 30% of respondents reported plans to retire upon leaving their current executive positions; this includes 48% of the executives who are 50 years or older.

Where do the executive directors who aren't planning to retire go next in their careers? Figure 24 demonstrates that most executives anticipate a job in the nonprofit sector. If the nonprofit sector is not their choice, executives are more likely to move to the for-profit sector than to government. Respondents rated their likelihood of taking their next job in each of the three sectors on a scale of 1 to 5, with 5 being the most likely. As a substantial number of executives had prior for-profit and/or government management experience, it's not surprising that some executives plan to return to those sectors.

Figure 23 Retiring from Current Job



While *sector* retention appears to be high, executive leadership retention does not. Six hundred and twenty-eight respondents, or 59% of the total population, rated the likelihood that their next job would be in the nonprofit sector a 3, 4, or 5 out of 5. But among this group of current executives who are likely to take another nonprofit position, just 50% of respondents said that their next job would be as an executive director.

Twenty-five percent (25%) said that their next role in the nonprofit sector would be as consultants; 15% will take staff positions in another nonprofit such as Program Director or Development Director; still others (captured in “Other” below) will take on unpaid volunteer and board governance roles.

Figure 24 Likelihood of Next Job Being in Nonprofit, Government, and For-profit Sectors

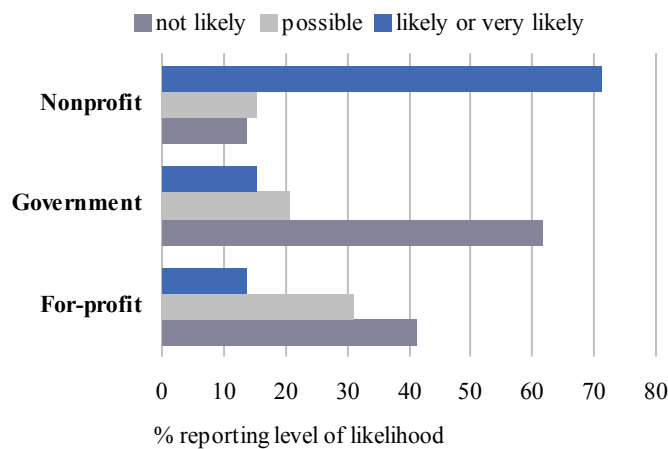
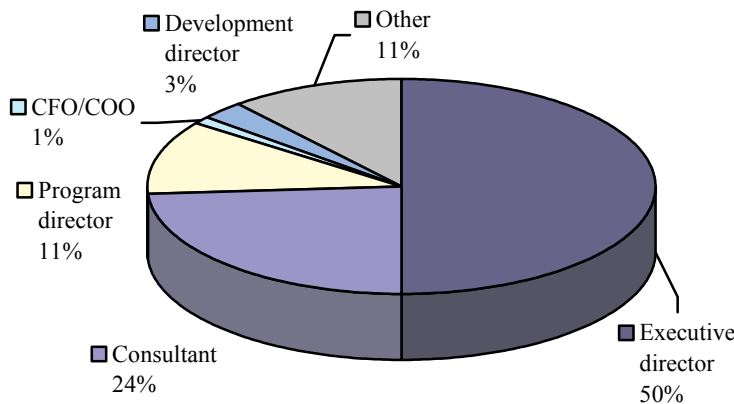


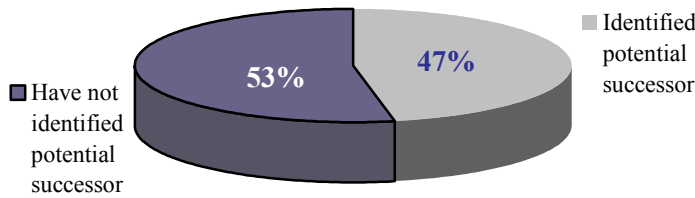
Figure 25 Predicted Next Jobs in Nonprofit Sector



“Time is the scarce commodity. Getting financial support is the greatest challenge. I am returning to direct service.”

Between retirement (N=307) and plans for roles *other* than executive director (N=305), we can anticipate losing at least 57% of the respondents from the candidate pool. All of this begs the question of who will replace the current cohort of executives. Only about a third of the current leaders were developed from within their agencies, and less than half of respondents had identified a potential successor among their staffs. And, of course, many times there will not be an appropriate internal candidate to succeed an exiting director.

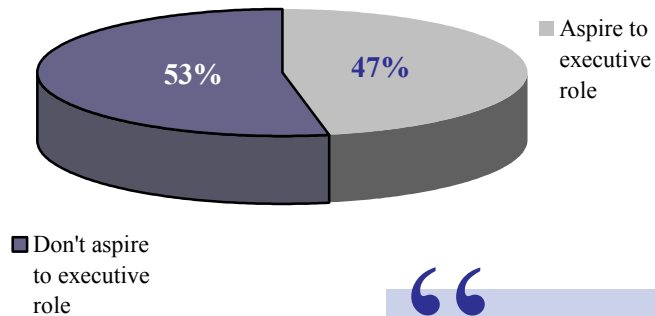
Figure 26 Respondents' Identification of Potential Successors



The Young Nonprofit Professionals Network (YNPN)—a professional development and networking group for nonprofit professionals under 35 years old—recently surveyed more than 300 of its constituents. Within this population of young people with a commitment to nonprofit work, 47% aspire to be executive directors. While this is an encouraging number that represents future leadership of the sector, it nonetheless reminds us that even among dedicated nonprofit professionals, a majority do not view the executive role as their ultimate destination.

The distinction between sector retention and executive retention may be a factor of the particular challenges of running a nonprofit agency (as opposed to working or volunteering for one)—from fundraising to working with and for a volunteer board of directors. Respondents reported long hours and high stress levels, as well as concern about agency finances, as the biggest challenges of their work.

Figure 27 Young Professionals' Executive Aspirations



These job stressors were very significantly associated with the budget size of the agencies. In smaller agencies, executive directors tend to have all or most of the responsibility for raising money and managing finances. Their fatigue was very evident in these findings. Figure 28 captures the percentage of executive directors within the six budget ranges that rated each stressor a 5 out of 5.

“  
*I burnout because what is really on my plate all the time is fundraising. And I'm writing grant after grant. I dream them! And I'm tired of it.*  
”

Executive directors of small agencies were more likely to be concerned with low compensation and raising funds than their higher-budget colleagues were. Managing personnel was most stressful for the mid-sized agencies. Those are the agencies, perhaps, that have enough employees to make it a complex issue, but not have enough resources for senior HR staff.

In general, executive directors of the largest agencies were less likely to be extremely stressed by any one of the job factors, as they presumably have a management team with which to share the burden of these functions. Nevertheless, the overall factors of “high stress” and “lonely at the top” received a similar proportion of 5’s across the various budget ranges. The leadership position is inherently stressful and lonely for many executives regardless of the resources at hand.

Figure 28 **Challenges by Budget Size**

Budget size \$	Largest challenge	Second largest challenge	Least challenging	Overall stress ranking among budget ranges
<100,000	Finance anxiety	Fundraising	Managing people	3
100,000- 499,999	Finance anxiety	High stress	Lonely at top	2
500,000- 999,999	Finance anxiety	High stress	Low compensation	1
1,000,000- 4,999,999	Finance anxiety	Managing people	Low compensation	4
5,000,000- 9,999,999	Managing people	High stress	Low compensation	5
10,000,000+	High stress	Finance	Low compensation	6

The figure above demonstrates that executive stressors change over the lifecycle of a nonprofit organization. Also of note is that the vast majority of nonprofit executives across the country—those with budgets of \$1 million or less—experience a higher level of stress than their minority larger-budget colleagues. The last column of the table ranks the budget ranges for overall stress. In fact, the budget range that experiences the most stress is \$500,000-\$999,999. This group makes up a majority of CompassPoint clients, and is typically experiencing the growing pains of a small nonprofit evolving in terms of funding, finance, and human resources complexity.

### **3 Key Implications** **TENURE, JOB SATISFACTION, AND POST-ED CAREER PATHS**

- ◆ Boards are more likely to experience executive turnover if they cannot adequately compensate their executives and if they don't ensure that the stresses on their executives are manageable.
- ◆ While a majority of current executives won't take on another executive position, the data indicates that their accumulated skills and wisdom will be retained in the nonprofit sector as they move into consulting, governance, and various management roles.
- ◆ Supporting executives looks different at various agency sizes. Identifying an agency's stage in development is a critical aspect of tailoring services to its nonprofit executive director.

## E. Executive Director Training and Support

This section reports on the kinds of training and support that are attractive to executive directors.

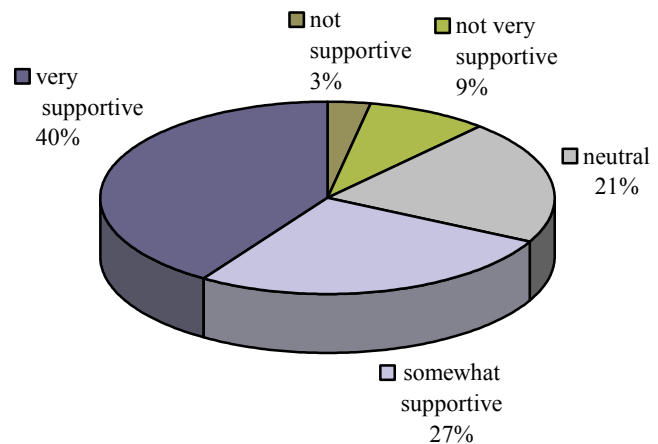
### 2 Key Findings EXECUTIVE DIRECTOR TRAINING AND SUPPORT

- ◆ While boards provide strong personal support to their executives, executive directors want more help from their boards with fundraising and other essential functions.
- ◆ Executives tend to rely on informal training and support from their peers more than on formal coaching or mentoring, partly as a function of low access to and/or awareness of these professional resources.

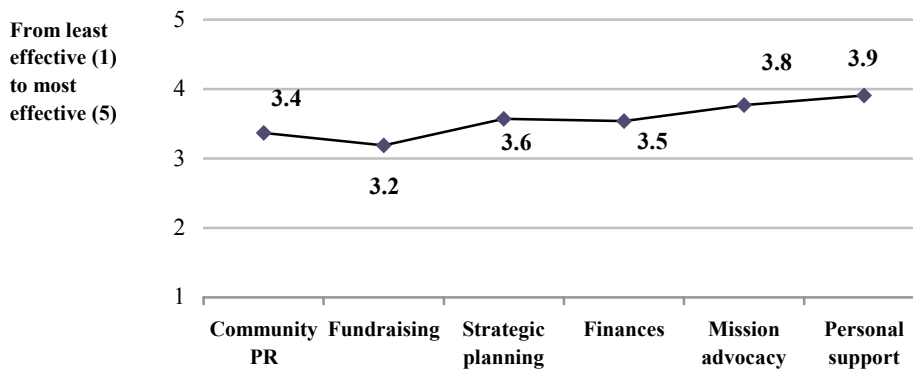
Given the emerging field of executive leadership services, we were interested in knowing how executives *currently* secure professional training as well as personal support to sustain them in their work. One key source of support, of course, is the board of directors. But realistically, a board can be both a source of support and a source of anxiety, depending on the relationships and nonprofit experience among the players. In a summary rating, respondents gave their boards generally high marks as sources of *overall support* to them in their work—3.93 out of 5—but they also pointed out key functions in which they would like to partner more effectively with board members.

Respondents were not quite as positive in their evaluations of how well their boards have teamed up with them in specific management functions. Executives perceive their boards as more effective partners in the areas of personal support and advocacy for their agencies' missions and less so in the areas of fundraising, public relations and financial oversight. The teamwork ratings, of course, are affected by the executive's expectations. The CEO who expects little in the way of board involvement in public relations would rate a board highly in this regard if they're doing the minimal amount expected. Conversely, an executive director who assumes the board should be putting a lot of effort into fund raising would give a low rating to a Board who does only a moderate amount.

Figure 29 Overall Board Support of Executive Directors



**Figure 30 Perceived Effectiveness of Executive/Board Partnership**



A trend that emerged from the partnership ratings is that executive directors of larger organizations perceive their boards to be more supportive than do executives in smaller agencies. Sixty-three percent (63%) of executives in agencies with budgets under \$500,000 rated their boards very supportive or somewhat supportive. The corresponding number for agencies at \$5 million and above was 77%. Similar variances in ratings were given for board support in three critical areas of agency management: fundraising, strategic planning, and financial oversight.

**Figure 31 Percentage of Effective or Highly Effective Board/Executive Partnerships**

	Fundraising	Strategic Planning	Financial Oversight
<\$500,000	37%	47%	43%
\$500,000 - \$1 million	41%	58%	56%
\$1million - \$5 million	48%	58%	63%
≥\$5 million	55%	67%	72%

And strikingly, those executives with the shortest projected lengths of stay gave their boards generally lower ratings for support. Fifty-three percent (53%) rated their boards as very or somewhat supportive, compared to 67% of the entire sample. For fundraising their board rating was 28% compared to the full sample’s 44%. For strategic planning, it was 40% compared to 54%. For financial oversight, 32% versus 55%.

Clearly boards make a difference. The larger agencies appear to have boards who have more effectively teamed up with their executives. And executive tenure in agencies of all sizes seems to be impacted by the degree of perceived board support.

Beyond their boards, executive directors have relied on informal means of learning from their co-workers and peers rather than more formal skill building and support. Certainly some of this is a function of what is available to them locally, what they can afford in terms of time and money, as well as their personal degree of focus on professional

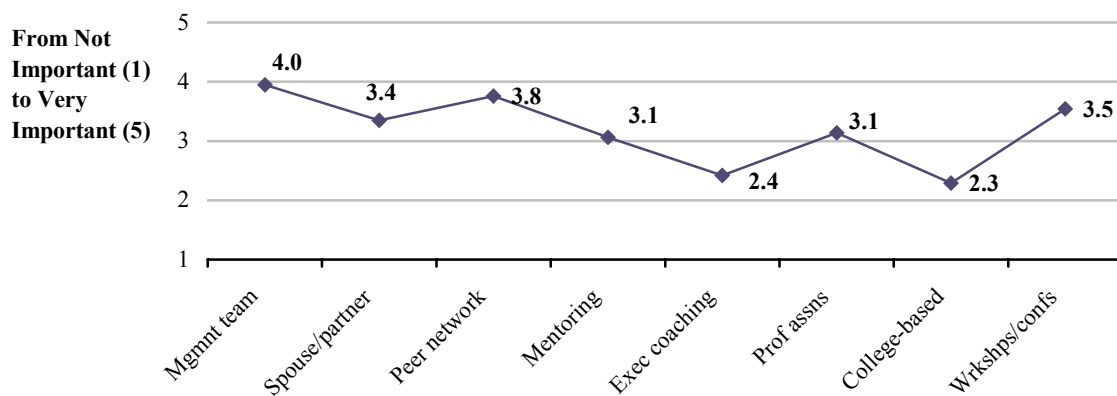
“  
*Fortunately, I have always known what to seek in being an executive director. I had an excellent mentor and role model in the YMCA at the beginning of my career. My observations are that most EDs come into this job with no preparation and don't know where to turn for help.*  
 ”

development. Workshops and conferences—typical products of technical assistance organizations—were rated third, just above support from spouses and partners. College and university-based programs, as well as executive coaching, were the least used.

Interestingly, of the various sources of training and support listed in Figure 32 below, the one source of support that is significantly correlated with projected executive director tenure is “my management team/work colleagues.” In other words, those respondents who said they will be leaving their jobs within a year, rated the support they get from their managers and staff significantly lower than did executive directors who predict they will stay in their current jobs longer than a year.

It appears then that the executive directors who want out of their jobs are those who are least happy with their relationships with boards and with co-workers. Both sides, of course, carry responsibility for the quality of these relationships. The executive director unhappy with the level of board and staff support he receives may not have done his part to develop and sustain quality partnerships.

**Figure 32 Current Sources of Training and Support for Executive Directors**



Survey respondents were given the opportunity to tell us, in their own words, “what you need as an Executive Director that you can’t seem to get.” Seventy-four percent (74%) of the executives wrote in specific requests. Most frequently mentioned was help with board development; 23% indicated their jobs would be more manageable if the governing abilities of their boards improved. The second most mentioned item, at 13%, was opportunities for peer networking. Interestingly, 12% asked simply for “more time” or “time to think and plan.” Nine percent (9%) requested coaching and mentoring. Six percent (6%) want assistance in building the fundraising abilities of their agencies. Another 6% seek better relationships with their funders, which several defined as “less paperwork” and “multi-year grants.” Five percent (5%) want more time away from their jobs or a sabbatical. Two percent (2%) requested a retirement plan.

“*I need a management level assistant to take some of the daily pressure off—and to give me time to reflect. Failing that due to budget constraints, I need to retire.*”

Twenty-one percent (21%) said they needed more staffing to make their jobs doable. Some specified additional management staff; others would like an administrative assistant.

Thirty-six percent (36%) directly mentioned their needs for “more money” for a range of items. The most frequently requested monetary item was salary and benefits at 36%. Other items included reserve funds, overhead/operating, and endowments.

## 3 Key Implications

### EXECUTIVE DIRECTOR TRAINING AND SUPPORT

- ◆ Boards and executive directors have room to strengthen their partnership. And, board members should consider how best to support executives as individuals and as organizational leaders.
- ◆ The technical assistance field, while providing important support through workshops and conferences, may not have recognized or addressed the support that executives receive from their management teams, their spouses and partners, and their peer networks.
- ◆ The market for new services such as executive coaching and transition planning is in the development stages; most executives have never used these services and many are unaware of them.

## VI. Calls to Action

The survey responses and focus group voices provide us with a wealth of information upon which the sector can and should act to sustain executive leadership. We arrange these recommendations around four audiences: funders, technical assistance providers, boards of directors, and executive directors themselves.

An overarching recommendation that emerges from our experience in supporting executives is to keep all approaches asset-based. The “professionalization” and management reform being promoted by some sources must acknowledge the essential role that passion for mission and for community service plays in propelling persons to become nonprofit executives. Most did not take their jobs to become management wizards; to push them to become hands-on experts in every aspect of agency management risks killing their passion...and burning them out. The successful, long term executive directors in our town hall meetings reported that they learned early on to delegate, to bring on deputies and technical staff with skills that complemented their own, and then to coach these colleagues to excel in their jobs. This allowed the executives to remain focused on their leadership assets, on providing vision and inspiration that continues to draw people and resources to their causes.

“*Being all things to all people is always a challenge. Balancing the needs of clients, community, colleagues, staff and Board members is a juggling act in time commitments. If you are a good administrator, you’re faulted for not being a charismatic leader, and vice versa!*”

### A. Recommendations for funders

#### **Expect and fund realistic infrastructure costs.**

A primary stress factor for executives is an under-developed organizational infrastructure that requires the executive director to have high skills and output in more areas than any individual is likely to be able to manage. Many executives report having no one on staff or board with whom they can share the demanding work of fundraising, managing agency finances, and providing quality human resources management. Funders and nonprofits alike have historically shied away from funding these “overhead activities”; one result is that the executive director role can require too many hours and produce so much stress as to be unsustainable. The data suggest that this is particularly true for small and mid-sized agencies. Funders may consider covering the cost of outsourcing a key administrative function that’s beyond the capacity of a grantee, thus freeing the executive’s time to focus on mission and leadership. In an agency’s later developmental stages, funders might provide general operating support that allows executives to build infrastructure, adding crucial development, finance, and human resource staffing.

#### **Consider multi-year funding.**

Multi-year funding, which is a rarity among foundations,<sup>6</sup> addresses both the executives’ fundraising stress and anxiety about agency finances. Especially when government contracting is not a major source of nonprofit support, having foundation resources that are somewhat reliable—provided program performance is steady—could allow executives more time to focus on accomplishing their charitable purpose.

<sup>6</sup> See “Virtuous Capital: What Foundations Can Learn from Venture Capitalists,” in *Harvard Business Review*, March-April, 1997. The authors state that in 1995, 5.2% of foundation grants were for more than one year.

**Provide financial and other support to organizations based in communities of color.**

The low percentage of executive directors of color is in part a reflection of the difficulties faced by community-based nonprofits in communities of color. By strengthening such organizations, funders can not only grow services that have come from community members themselves, but can contribute to developing strong leaders that will lead in their own communities and beyond.

**Focus on leadership and leadership services.**

Public and foundation funders concerned with nonprofit capacity building can explore with their grantees the kinds of supports they find the most attractive. Some modest efforts can include:

- ◆ Sabbatical support for veteran executive directors and other senior nonprofit managers
- ◆ Financial support for professional development programs for executive directors and other senior managers, such as leadership and management seminars, degree programs, and leadership retreats
- ◆ Financial support for executive coaching and mentoring

If professional development programming or executive coaching services are not available in an area, local funders may look to partner with technical assistance providers to provide them.

The strategy of building quality nonprofits through intentional, ongoing support to executive directors is gaining momentum. It is part of a growing emphasis in philanthropy on nonprofit capacity building reflected in the rapid growth of Grantmakers for Effective Organizations (GEO). The trend of ‘venture philanthropy’ dovetails here as well; one of its core values is a strong focus on organizational leadership. Like venture capitalists, venture philanthropists are drawn to make investments primarily because of people (leaders) rather than organizations.

Included in funding for innovative services to nonprofit executives should be money for evaluating those new services and for sharing the knowledge gained with potential leadership support providers in other regions.

## **B. Recommendations for Technical Assistance Providers**

Technical assistance providers should consider making executives an intentional focus of their work. CompassPoint is one of the first MSOs to have a discrete array of services within its consulting practice dedicated to executive leadership. Services can include:

### **Provide referrals to nonprofit executive coaches.**

Coaching is a strategy that has long been used in the corporate sector and is now being adapted for nonprofit executives. A recent small-scale pilot coaching program provided by the Resource Center for Nonprofits in Santa Rosa, California, was extremely successful and has informed the development of CompassPoint's approach. Formal coaching is distinct from mentoring and is a skill that can be cultivated among nonprofit consultants seeking a meaningful way of supporting busy, stressed nonprofit executives of all skill levels.

### **Offer executive transition consulting.**

In using executive transition consultants, an outgoing executive and his/her board of directors are facilitated through the process of bringing a healthy closure to his/her tenure. The board is helped in updating the agency vision and identifying key job requirements, recruiting and reviewing candidates, and getting the new executive successfully underway. In many cases, a board is learning for the first time how to exercise its responsibility to secure quality leadership for an agency. This is a time-intensive service that can reap huge benefits—and help avoid major disruptions—for nonprofits in transition.

### **Set up an interim executive placement service.**

MSOs can link nonprofits temporarily without leaders with a pool of interim executive directors. At CompassPoint, the roster of interim executive director candidates are all experienced executives who at this point do not want a full-time, ongoing connection to one agency but have a tremendous amount to offer nonprofits on a short-term basis. And they have been specifically prepared to manage the dynamics of leadership transitions in community agencies. This win-win scenario prevents nonprofits from floundering between permanent leaders and provides a mechanism for executive talent to stay involved in the sector when they no longer have interest in traditional executive positions.

### **Convene executives.**

In general, MSOs should find ways to bring nonprofit executives together. The findings of this research show that executives want to learn from each other and are fairly desperate for structures through which to do so. Whether it's hosting a topical town hall meeting, creating a series of workshops, sponsoring ongoing peer networks, or dedicating a 'track' in a conference to executive topics, MSOs can play a vital role in convening executives and facilitating their exchange of ideas and mutual support.

### **Employ an asset-based approach to technical assistance.**

Overall, MSOs should be providing asset-based technical assistance to executive directors (and organizations). This data shows that nonprofit leaders are in this field to make a difference. The expectation that all nonprofit executives will someday become experts in long-term investing, program evaluation, and fundraising databases is not only unrealistic but also potentially a harmful message to the sector's leaders. In identifying their *strengths* and then encouraging communication, planning, and delegation along with appropriate skills-building, leadership services become sustaining rather than depleting—foster retention instead of contributing to burnout.

## C. Recommendations for Boards of Directors

In many respects the board of directors is the strategic point of action for executive retention. A significant part of a board's governance responsibility lies in recruiting and *retaining* the best possible leadership for the nonprofit they lead.

### **Actively monitor executive job satisfaction.**

The data show that boards who don't monitor executive job satisfaction, including satisfaction with compensation, are likely to experience turnover. Board leadership should regularly consider not only the performance of their executives, but their levels of fatigue, stress, and frustration.

### **Build the right board to support the executive.**

Executives are saying that expressions of personal support are not enough, they need partnership with their boards on some of the major challenges to sustaining their organizations. Boards should seek to recruit members who complement the strengths of their executive director in key functions such as finance, development, human resources, legal issues, and real estate. Further, board leadership should work with the executive to give formal structure to their assistance, e.g., through board committees, to monitor its effectiveness and value.

At different times in an organization's development and with different executives, the composition of the board may need to be different. For instance, many agencies' board compositions fail to keep up with the evolving complexity of their organizations. In other cases, the composition of a board that has supported a long-time executive well may be different from the board that will be needed to recruit and hire a new leader.

### **Ensure equality for women and people of color in hiring and compensating nonprofit executives.**

This report's findings around gender inequity and ethnic representation plainly call on boards of directors to act. In filling executive positions throughout the sector, boards should be conscious of their own biases about whom they picture in a certain role and how much he or she should be paid.

With regard to pay, using regional compensation data to determine typical salaries is one obvious strategy, but it will have to be coupled with more intentional evaluation of a board's own criteria for selecting leaders and arriving at their compensation. Paying women less than men for equal work is antithetical to the values of the nonprofit sector.

Similarly, boards need to address the representation of people of color in nonprofit leadership positions. Cultural, racial and ethnic diversity have to be *actively* sought and supported through compensation strategies and outreach. Boards should also encourage their executives to develop potential leaders of color within their organizations—whether an internally cultivated leader eventually assumes *that* nonprofit's executive role or another's, it's a contribution to developing strong leadership of color.

“  
*As a working class  
gay woman I often  
feel isolated in  
executive meetings. I  
try to listen to  
everyone in meetings,  
but I notice that men  
try and run things no  
matter what their  
diversity.*

### **Discuss succession planning.**

Finally, succession planning should shift from being a taboo topic to a fact of life that makes things easier for an outgoing executive, a board, and an organization. With 35% of current executives leaving within two years and so few experienced executives to choose from, the competition for talent is stiff in many areas. This means that those who don't plan put their organizations at considerable risk for turbulent transitions. Boards should expect that their executives will eventually move on, and be prepared to manage those turnovers successfully.

## **D. Recommendations for Executive Directors**

Though this research was mostly about *listening* to executive directors, the findings do suggest as well some calls to action for those who “dare to lead.”

### **Recognize your management skills and leadership as important assets for your organization: assets that must be strengthened and sustained.**

Management writer Peter Drucker has commented that nonprofit executives must answer to many more constituencies than their counterparts in business. Executive directors are called upon to be strong managers, strategic thinkers, reflective philosophers, successful fundraisers and public speakers, and inspirational leaders.

### **Insist on building the organizational structure that will support you, and that will support the organization after you have departed.**

Nonprofits have a tendency to do a dollar-and-a-half more services for every new dollar raised. Fear of “overhead costs” encourages executives to underestimate the need for high-level administrative and development staff, while others ineffectively delegate to the staff they have. In turn, an infrastructure that is not in line with the scale of an organization contributes to stress at every level, undermining an organization and its staff.

### **Develop your board of directors.**

The survey data indicate that the more satisfied and successful executive directors have boards who emotionally support them and help them out in critical management functions. But boards usually need coaching on how to best team up with their executives. Long-tenured executives in a recent focus group stated that a key factor to their success was their constant attention to board development. In order to rely on their boards for support, early in their current jobs the veteran executives had recruited the right talent for their boards and then worked with them to develop a healthy board/executive relationship. Maintenance of that mutually supportive culture required constant attention. It’s a two-way street: boards and their executives both carry responsibility to support and develop each other.

### **Seek out opportunities to meet and learn from other executives.**

Given the relative inexperience as nonprofit executives among the population, pursuing opportunities for both formal and informal networking and knowledge sharing is essential. Isolation prevents first-time executives from normalizing their experiences and challenges. Indeed a secondary impact of associations, conferences, focus groups and the like is to be able to place oneself on a normal curve among peers. Also, the line between professional and personal nurturing can be blurry when a job is all consuming, so attention to physical and spiritual health, as well as upkeep of non-work hobbies and relationships, is widely agreed to be essential to long-term sustainability.

### **Build future leaders.**

The baby boomers who now comprise the largest segment of executive directors entered the workforce at a time when the nonprofit sector was expanding rapidly while simultaneously re-inventing itself. Since baby boomers didn’t follow established career paths themselves, they are uncertain how to create them within their own organizations, and reluctant to encourage younger staff to seek advancement elsewhere. And with a large majority of executive directors being white, they may be on unfamiliar ground when encouraging and nurturing future leaders of color. Today’s program managers, caseworkers, administrative assistants, activists and accountants will be tomorrow’s executive directors.

In addition to developing future leaders for the sector, executive directors should pay special attention to their own successors. Whether the next leader comes from inside or outside the organization, communicate with the board about succession planning is an important responsibility. This can be especially difficult for founders or other long-time leaders, who can find it difficult to imagine separating from their organizations, and whose boards may shy away from raising the topic for fear of appearing un-supportive.

**Insist upon equitable pay.**

Women executives would be wise to take notice of their pay relative to male peers. Now that executive compensation data is readily available via the IRS Form 990s online at [Guidestar.org](http://Guidestar.org), women can pursue pay equity with comparable information in hand. Individual women executives may need to strengthen their negotiation skills, or get help from a sympathetic board member. Beyond personal compensation, organizations need to value positions appropriately for the qualities of leadership the organization demands. When executives purposefully suppress their wages, they make a demeaning statement about their own talents and their organizations, and set up their boards up for a rude awakening when they leave. In other words, if it would take twice her current salary to replace an executive, she should be making a lot more now.

## VII. Concluding Comments

Emerging from the data is a profile of executive directors more likely to be successful in their leadership roles and to stay on the job longer. These executives:

- ◆ Are personally committed to the agency’s mission
- ◆ Get good personal support from their board, and are relatively satisfied with the way the board has teamed up with them in meeting various management challenges, especially fund raising, strategic planning, and financial oversight
- ◆ Have good working relationships with their agency managers and other work colleagues; see them as good sources of support
- ◆ Have significant management experience prior to their current job
- ◆ Are more likely to have a fund raiser on staff
- ◆ Experience less of the “high stress and long hours” that can burn out an executive director
- ◆ Are adequately compensated

With approximately one million registered nonprofit organizations in the United States, it is likely that there are at least 250,000 paid executive directors. These executives lead the organizations that support communities, serve the poor and vulnerable, educate children and adults, conduct scientific research, explore philosophical boundaries, fight for social and economic justice, and protect the earth. They do this work with low pay and high stress—yet they do so with spirit and commitment.

More than salute these executive directors,  
we must stand by them and help them.  
By daring to lead nonprofit organizations,  
they are daring to change the world.

# Resource List

The research team suggests the following for further reading and contact:

About.com has a nonprofit section that offers good, common sense advice, especially for new executive directors. <http://nonprofit.about.com/careers/nonprofit/library/weekly/aa080899.htm>.

*Board Café*, a free electronic newsletter for members of nonprofit boards, frequently includes articles on nonprofit leadership, such as “Sample Job Description for an Executive Director” (September 2000), “Evaluation of the Executive Director” (September 1999) and even “How to Fire Your Executive Director” (March 1998). Archived issues and email subscriptions free at [www.boardcafe.org](http://www.boardcafe.org). Co-published by CompassPoint Nonprofit Services and the National Center for Nonprofit Boards.

*Diversity Practices in Foundations: Findings from a National Study*, by the Joint Affinity Groups, 2001. Contact Terry Odendahl, 4 Sierra Verde, Santa Fe, NM 87501; 505-474-3476.

Executive Leadership Services, CompassPoint Nonprofit Services. A menu of services for Northern California nonprofits including intensive leadership training, coaches for executive directors, and support for organizations undergoing CEO change. Executive Transitions program at [www.compasspoint.org/consulting/exec\\_trans/et\\_brochure.html](http://www.compasspoint.org/consulting/exec_trans/et_brochure.html).

“Leadership Lost: A Study of Executive Director Tenure and Experience,” by Timothy Wolfred, Mike Allison, and Jan Masaoka. San Francisco: CompassPoint Nonprofit Services, 1999. Available for \$12 + S/H at [www.compasspoint.org](http://www.compasspoint.org).

Eureka Communities, a national organization conducting two-year “on-the-job fellowships” for executive directors in 5 US cities. 1601 Connecticut Ave., NW Suite 802, Washington, D.C. 20009; 202-332-2070. [www.eureka-communities.org](http://www.eureka-communities.org).

Free Management Library online by the Management Assistance Program in the Greater Twin Cities. Links to hundreds of web-published articles (widely varying quality) on nonprofit management and leadership. [www.mapnp.org/library/](http://www.mapnp.org/library/).

*Following the Leader: A Guide for Planing Founder Director Transition*, Emily Redington and Donn Vickers. The Academy for Leadership & Governance. 65 Jefferson Avenue, Columbus, OH, 43215. 614-228-7444.

*The Leadership Challenge: How to Get Extraordinary Things Done in Organizations*, James Kouzes & Barry Posner. Jossey-Bass, 1987, (800)956-7739, [josseybass.com](http://josseybass.com).

*Learning to Lead: The Art of Transforming Managers into Leaders*, Jay Conger. Jossey-Bass, 1992, (800)956-7739, [josseybass.com](http://josseybass.com).

*Managing Transitions: Making the Most of Change*, William Bridges. Perseus Publishing, 1991, (617)252-5000, [perseuspublishing.com](http://perseuspublishing.com).

National Center for Nonprofit Boards, a research and publishing organization with several pamphlets related to this topic, such as “The Board-Savvy CEO” (36 pages, \$15), “The Chief Executive’s Role in Developing the Nonprofit Board” (16 pages, \$12), “Chief Executive Compensation” (20 pages, \$12). 1828 L Street, NW, Suite 900, Washington, D.C. 20036; 800-883-6262; [www.ncnb.org](http://www.ncnb.org).

Nonprofit Times Salary Survey. Although there are other, more comprehensive surveys, the highlights of this one are published in this free newspaper. Summary at [www.nptimes.com/Feb00/00salaries.html](http://www.nptimes.com/Feb00/00salaries.html). Free mail subscriptions to this monthly tabloid are available at [www.nptimes.com](http://www.nptimes.com).

*Women and Power in the Nonprofit Sector*, edited by Teresa Odendahl and Michael O'Neill. San Francisco: Jossey-Bass Publishers, 1994. Collection of essays from a variety of disciplines on the roles women have played in the nonprofit sector from the early days in our nation's history. Available at [www.jossey-bass.com](http://www.jossey-bass.com). \$43.00 + s/h.

Increasingly, colleges and universities are offering certificate and degree programs for nonprofit executive directors. As examples, see the Nonprofit Leadership and Administration Graduate Certificate program at Western Michigan University ([www.wmich.edu/nonprofit/index02.html](http://www.wmich.edu/nonprofit/index02.html)), the Center for Nonprofit Leadership and Management at Arizona State University ([www.asu.edu/copp/nonprofit/](http://www.asu.edu/copp/nonprofit/)) and the Executive Certificate in Nonprofit Management at the University of San Francisco ([www.inom.org/educ2.htm](http://www.inom.org/educ2.htm)).

“Technical Assistance and Progressive Organizations for Social Change in Communities of Color: A Report to the Saguaro Grantmaking Board of the Funding Exchange” by Liz Guerra. A 1998 study focusing on recruiting and sustaining activist leaders, based on interviews with 23 foundations, 26 activists, and 20 technical assistance providers. Available at <http://comm-org.utoledo.edu/papers99/guerra.htm>.

Young Nonprofit Professionals Network (YNPN), a San Francisco Bay Area peer network of young people working and volunteering in the nonprofit sector. YNPN's survey of its members contributed to the research for this report. [www.ynnpn.org](http://www.ynnpn.org).

## Executive Director Tenure Survey

This is an anonymous national study of nonprofit executive director tenure being conducted by CompassPoint Nonprofit Services (formerly the Support Center for Nonprofit Management), a nonprofit training and consulting organization based in the San Francisco Bay Area. It is a larger scale follow-up to our 1999 study, *Leadership Lost: A Study On Executive Tenure and Experience*. Partnering with CompassPoint in distribution of this survey are the Meyer Foundation in Washington D.C., the Center for Nonprofit Management in Dallas, the Hawai'i Community Foundation in Honolulu, and the Nonprofit Advancement Center in Fresno, California. If you have any questions about the research, please call Tim Wolfred of CompassPoint at (415) 541-9000 or reach him by e-mail at [TimW@compasspoint.org](mailto:TimW@compasspoint.org).

*Please tell us about yourself.*

**Unless asked to write in a response, circle the letter next to the answer of your choice. Please choose only one answer to each question—the one that comes closest to being accurate for you.**

1. What is your age? \_\_\_\_\_

2. What is your gender?

a. female

b. male

c. transgender

d. other

3. What is your race/ethnicity?

a. African American

b. Asian/Pacific Islander

c. Latino/a

d. Middle Eastern

e. Native American

f. White/Anglo

g. other: \_\_\_\_\_

4. What is the highest level of formal education that you have completed?

a. high school

b. undergraduate degree (e.g. B.A, B.S.)

c. Master's degree (e.g. MSW, MBA)

d. Doctorate (e.g. Ed.D., Psy.D.)

Please list all college degrees earned with discipline (e.g. B.A. in Sociology): \_\_\_\_\_

\_\_\_\_\_

*Please tell us about your professional experience and career path.*

**Unless asked to write in a response, circle the letter next to the answer of your choice. Please choose only one answer to each question—the one that comes closest to being accurate for you.**

5. How many total years have you worked in the nonprofit sector?

a. less than 5 years

b. 5 to 10 years

c. 11 to 15 years

d. 16 to 25 years

e. 26 or more years

6. How long have you been in your current Executive Director position?

a. less than 2 years

b. 2 to 4 years

c. 5 to 7 years

d. 8 to 10 years

e. 11 to 15 years

f. more than 15 years

7. How many previous Executive Director positions have you held?

\_\_\_\_\_

**8. How many times have you served as an Acting or Interim Executive Director?**

- a. none
- b. 1 time
- c. 2 times
- d. 3 or more times

**9. Were you working at your current agency before you became the Executive Director?**

- a. yes
- b. no

**If yes, what was your role in your current agency immediately prior to becoming Executive Director?**

- a. Associate Director
- b. Development Director
- c. Program Director
- d. Director of Finance/Administration
- e. Other: (please write in) \_\_\_\_\_

**If no, in which sector were you working previously?**

- a. nonprofit
- b. public/government
- c. for profit
- d. self employed
- e. Other: (please write in) \_\_\_\_\_

**10. Have you ever held a management position in the for-profit sector?**

- a. yes
- b. no

**If yes, in what field(s) of the for-profit sector (e.g. banking, law, etc.) have you managed?(please write in)**

\_\_\_\_\_

**11. Have you ever held a management position in the government sector?**

- a. yes
- b. no

**If yes, in what field(s) of the government sector (e.g. public health, human services) have you managed?(please write in)** \_\_\_\_\_

**12. On a scale of 1 to 5, how important were these factors to you in deciding to take your current job as Executive Director?**

professional development						
(not important at all)	1	2	3	4	5	(very important)
the mission of the agency						
(not important at all)	1	2	3	4	5	(very important)
doing work that "gives back" to the community						
(not important at all)	1	2	3	4	5	(very important)
salary						
(not important at all)	1	2	3	4	5	(very important)
benefits (e.g. healthcare, retirement plan, etc.)						
(not important at all)	1	2	3	4	5	(very important)
staff and/or board members I knew at the agency						
(not important at all)	1	2	3	4	5	(very important)
the reputation of the agency						
(not important at all)	1	2	3	4	5	(very important)

**13. What is your current annual salary (excluding benefits and other non-monetary compensation)?**

**\$** \_\_\_\_\_

**14. On a scale of 1 to 5, how satisfied are you with your total compensation package?**

(not at all satisfied)      1      2      3      4      5      (very satisfied)

**15. On a scale of 1 to 5, how much do you enjoy your current job as Executive Director?**

(don't enjoy at all)      1      2      3      4      5      (enjoy very much)

**16. On a scale of 1 to 5, how much has your current job as Executive Director met your expectations of what the role would demand?**

(not much at all)      1      2      3      4      5      (very much)

Please briefly explain:

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**17. On a scale of 1 to 5, how would you rate your overall skill level as a nonprofit Executive Director?**

(not skilled)      1      2      3      4      5      (highly skilled)

**18. Knowing that the future may be impossible to predict, how much longer do you imagine that you'll stay in your current position as Executive Director?**

- a. less than 1 year
- b. 1 to 2 years
- c. 3 to 5 years
- d. more than 5 years

**19. What are two things you like most about your current job as Executive Director?**

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_

**20. In our earlier study, Executive Directors identified the following as the features they most disliked about their jobs. To what degree are these factors having a negative impact on *you* in your current position?**

high stress and long hours  
(not at all)      1      2      3      4      5      (very much)

managing personnel problems  
(not at all)      1      2      3      4      5      (very much)

low compensation  
(not at all)      1      2      3      4      5      (very much)

anxiety about agency's finances  
(not at all)      1      2      3      4      5      (very much)

conflict with the Board of Directors  
(not at all)      1      2      3      4      5      (very much)

fundraising  
(not at all)      1      2      3      4      5      (very much)

dealing with government funding and/or program requirements  
(not at all)      1      2      3      4      5      (very much)

feeling "lonely at the top"/ isolation  
(not at all)      1      2      3      4      5      (very much)

**21. Have you identified one or more persons on your staff with the potential to be the future Executive Director of your organization?**

- a. yes b. no

**22. Do you plan to retire upon leaving your current position as Executive Director?**

- a. yes b. no

**IF YES, SKIP TO QUESTION #24**

**23. On a scale of 1 to 5, how likely is it that your next job will be:**

a. In the nonprofit sector?  
 (not likely at all)      1      2      3      4      5      (very likely)

b. In the government sector?  
 (not likely at all)      1      2      3      4      5      (very likely)

c. In the for-profit sector?  
 (not likely at all)      1      2      3      4      5      very likely)

d. If the nonprofit sector is at all likely for you, what is most likely to be your next job?

- |                       |                                       |
|-----------------------|---------------------------------------|
| a. executive director | d. director of finance/administration |
| b. consultant         | e. development director               |
| c. program director   | f. other: _____                       |

*Please tell us about your nonprofit organization.*

**Unless asked to write in a response, circle the letter next to the answer of your choice. Please choose only one answer to each question—the one that comes closest to being accurate for you.**

**24. What is the zip code at your organization’s main office/site?** \_\_\_\_\_

**25. What is the primary activity of the nonprofit organization of which you are the Executive Director?**

- |                                    |                                  |                   |
|------------------------------------|----------------------------------|-------------------|
| a. human services (non-healthcare) | e. public benefit/advocacy       | i. animal welfare |
| b. health/mental health            | f. education                     | j. other: _____   |
| c. arts/culture                    | g. international/foreign affairs |                   |
| d. environment                     | h. religious                     |                   |

**26. In what year was your organization founded?** \_\_\_\_\_

**27. How many paid full-time and part-time staff does your organization employ?** \_\_\_\_\_

**28. What is the annual operating budget of your organization?**

- |                        |                            |
|------------------------|----------------------------|
| a. less than \$100,000 | d. \$1,000,000-\$4,999,999 |
| b. \$100,000-\$499,999 | e. \$5,000,000-\$9,999,999 |
| c. \$500,000-\$999,999 | f. \$10,000,000 and above  |



**35. On a scale of 1 to 5, how effectively do you and your Board of Directors team up in the following areas?**

**community/public relations**

(not at all a team effort)    1        2        3        4        5        (very much a team effort)

**fundraising**

(not at all a team effort)    1        2        3        4        5        (very much a team effort)

**strategic planning**

(not at all a team effort)    1        2        3        4        5        (very much a team effort)

**financial oversight and budgeting**

(not at all a team effort)    1        2        3        4        5        (very much a team effort)

**advocacy for the agency's mission**

(not at all a team effort)    1        2        3        4        5        (very much a team effort)

**personal support of you as Executive Director**

(not at all a team effort)    1        2        3        4        5        (very much a team effort)

**36. Do you have any thoughts on issues of diversity (race, gender, class, sexual orientation, etc.) among nonprofit executive leadership? Please write in.**

**37. Please tell us in your own words what you need as an Executive Director that you can't seem to get. Or, what one or two things would make your work more enjoyable? Please write in.**

Thank you very much for your time! Please return this survey in the envelope provided or mail to CompassPoint Nonprofit Services 706 Mission Street, 5<sup>th</sup> Floor San Francisco, CA 94103 or fax to 415-541-7708.

To receive an electronic copy of the final report, please send an email request to [TimW@compasspoint.org](mailto:TimW@compasspoint.org)

## Contact information about the partners

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### **Hawai'i Community Foundation**

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### **Nonprofit Advancement Center / Fresno Regional Foundation**

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### **About CompassPoint Nonprofit Services**

With offices in San Francisco and San José, CompassPoint Nonprofit Services is one of the nation's leading consulting and training firms serving nonprofit organizations. Through its 39 staff and hundreds of volunteer professionals, CompassPoint provides management consulting and training to nonprofits in fundraising, technology utilization, strategic planning, nonprofit finance, executive transitions, boards of directors, strategic internet presence, and other topics. Last year CompassPoint conducted more than 600 workshops for Bay Area nonprofits, and consulted to more than 300 nonprofit organizations. In addition to workshops and consulting, CompassPoint conducts several research projects each year, and publishes two free electronic newsletters--*Food for Thought* and the *Board Café*. CompassPoint's mission is *to increase the effectiveness and impact of people working and volunteering in the nonprofit sector.*

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