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Finding Leaders
for America's
Nonprofits:
Commentaries

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The Quality of the Leadership Team Determines the Success of the Organization

Matt Bannick, Managing Partner, Omidyar Network

Congratulations to Bridgespan on this study that highlights critical issues for the entire sector. The topics covered in the report have provoked meaningful conversations at [Omidyar Network](#) and will undoubtedly spark interest among the many organizations seeking candidates for leadership roles.

Omidyar Network's experiences with our grantees reflect many of the study's findings. At the core of Bridgespan's research is the idea that the quality of the leadership team—both the executive management and the board—determines the success of the organization. In particular, nonprofits within our portfolio have found that executive leadership requirements change with the growth and evolution of the organization. From technology shifts that impact IT choices to establishing a sustainable funding model and everything in between, a wide variety of new demands are being placed on organizations today. Responding to these effectively can require different approaches—and often functional skill sets that aren't available in the current staff. Finding candidates that have experience working in complex and growing environments, and those with deep functional expertise, sometimes leads recruiters to the for profit sector.

In those cases, and as the study suggests, there are many ways to go about recruiting these “bridger” candidates. Thirteen percent of those surveyed by Bridgespan used executive search and found it very effective. Within the Omidyar Network portfolio, a larger percentage of our nonprofits use this recruiting avenue. They have found the value of executive search is that it provides a deeper pool of qualified candidates, including people who were not actively looking for opportunities in the nonprofit sector or who had never considered a nonprofit role as part of their career.

Omidyar Network grantee Endeavor recently used executive search to place candidates in two leadership roles. The global expansion opportunities at Endeavor helped attract senior talent in new chief operating officer, Jeff Farnath (previously vice president of International Finance for Fox Interactive Media) and senior vice president (SVP) of Global Partnerships, Dave Geary (previously SVP of BetZip.com and Ofoto).

DonorsChoose.org found that spreading the word through existing for profit networks was an effective tool to find its chief technology officer, Oliver Hurst (previously with Microsoft). DonorsChoose.org was also fortunate that chief financial officer (CFO), Andy Kaplan (previously CFO for Audible.com) happened

to find the online job posting. He had been actively looking for the right nonprofit opportunity for years, but had not yet found the right fit.

For all of these candidates, the organization's exciting mission and growth trajectory helped attract them to opportunities that they may not have otherwise considered. Beyond adding new expertise to the executive team, Omidyar Network's portfolio organizations are looking with renewed interest at the mix of relevant experience on their boards. Management recognizes that the same growth factors that spurred executive changes impact governance needs as well. A board with expertise that's more relevant to the organization's growth trajectory can provide more effective counsel on both strategic issues as well as operational and functional challenges.

The executive recruitment challenges raised in the study also apply to governance roles. To address this, Omidyar Network is building in-house capacity to assist its portfolio in more effectively and efficiently identifying and recruiting board members. Ultimately, we believe that helping position nonprofits for successful long-term sustainability equally relies on the right mix of talent within the organization and on the board.

Do We Over-emphasize Culture?

Jeanne Bell, Chief Executive Officer, CompassPoint Nonprofit Services

I am very interested in the researchers' conclusions about the "surprising" role of "cultural fit" in screening for-profit candidates for nonprofit leadership. The researchers suggest that nonprofits are demonstrating "insularity" and are missing out on great talent because of this undue emphasis. I have two reactions to their surprise.

First, I think that when for-profits articulate their corporate cultures, it is seen as strategic and critical to attracting the right kind of aligned talent to their enterprises. But somehow when nonprofits do, it is seen as insular, as if attracting the right kind of aligned talent to their enterprises is not as important. A quick Internet search of a couple of major companies confirms that for-profits *love* to talk about culture. On its website (<http://www.google.com/corporate/culture.html>), Google names its employees "Googlers" and its buildings the "Googleplex." The site informs us that "when not at work, Googlers pursue interests from cross-country cycling to wine tasting, from flying to frisbee." Similarly, GE on its website (<http://www.ge.com/company/culture/index.html>) claims that its culture is in fact one of its "innovations." The site further says that their particular culture is the "unifying force" for the company worldwide. Organizational culture is celebrated in for-profits and absolutely used as a screening factor in hiring. Why would nonprofits be different?

Second, I think there is something deeper being captured when nonprofit leaders prioritize the "cultural fit": personal values. For many people who work at nonprofits, one of the great joys of doing so is the convergence of their personal and professional values—the privilege of working all day on something that has deep personal significance. For us, "organizational empathy"—which the researchers suggest ought to be sufficient to qualify someone for the job—sounds a bit too much like an accommodation. As someone who works with nonprofit chief financial officers regularly, I do believe that the ones who care passionately about the missions of their organizations perform better. Not only do they fit into the corporate culture better—which is important to success at any business—but they make the connection between their work and the social impact of the organization. I see this leading to better performance even in such seemingly technical job functions as budgeting and analysis.

There are thousands of people working in for-profits right now who could fit very well into a nonprofit culture and who share the passions and values of many of the nonprofits who are seeking new leaders. But just like any for-profit would, these candidates should expect nonprofits to actively screen them for organizational culture fit; it's what Jim Collins called, "getting the right people on the bus."

Invest in Leaders, but Don't Forget the Front Line

Daniel J. Cardinali, President, Communities In Schools

"Finding Leaders for America's Nonprofit Organizations," a report recently published by the Bridgespan Group, provides a host of important insights for the nonprofit sector as it faces a significant leadership deficit over the next decade. [Communities In Schools \(CIS\)](#), the nation's largest dropout prevention organization, has had the privilege of having a partnership with the Bridgespan Group since 2004. And, while most of the insights provided by the report have great resonance with CIS' experience, two are especially worth noting.

First, since 2004 the CIS national office has rebuilt its senior management team with four new hires from outside the CIS network, one of whom was promoted into an executive management position. Through extensive conversations with Bill Milliken, CIS' vice chairman and founder, we developed a framework for identifying highly qualified and specialized talent that also brought passion and conviction to the CIS mission. We call this framework "passionate professionalism." We know that recruiting highly qualified and specialized talent is no less or more important than recruiting extraordinarily mission-driven leaders who care deeply about the future of the most disenfranchised young people in America. It has taken us a number of years to recognize that both elements of the recruiting process—the brutally analytic process of assessing talent and the significant time investment in assessing mission fit—are critical to finding the right talent for CIS.

Second, the increased need for specialized talent at the executive and senior level is essential, whether at the local, state, or national level. Communities In Schools has grown rapidly since its inception in 1977, now including nearly 200 affiliates working with 1.2 million students and their families in 27 states and the District of Columbia. The report rightfully points out the increased pressure to recruit sophisticated leadership and management to guide, grow, and ultimately serve CIS students from a wide range of cultural, regional, and economic places. However, the most pressing recruitment challenge facing the CIS network is having a consistent and well-trained front-line workforce. While senior and executive-level leadership is critically important, CIS' core business is the provision of "integrated student services" at the school-site level. This is done through a CIS site coordinator who identifies and coordinates the resources that are needed at each school site. Because the results of a recent evaluation prove the effectiveness of our work, there is now an increased demand for our presence in schools. The report makes the point that to ensure an organization can recruit and retain top talent, it must pay competitive wages. This is even more acutely the case for attracting and retaining front-line workers, who are often significantly underpaid despite their undergraduate, and in many cases, graduate school training.

Create a Systematic Way to Attract, Engage, Develop, and Retain Extraordinary, Diverse Talent

Aimée Eubanks Davis, Chief People Officer, Teach For America

In 2004, we became increasingly convinced that to fulfill our potential, we needed to develop significant capacity to grow our own leadership and management talent as an organization. Like the study “Finding Leaders for America’s Nonprofits” found, we saw a shortage of people with the problem-solving and management experience necessary to take us where we were trying to go, given the increasing complexity of leading [Teach For America](#). Our decision to scale our programmatic efforts required us to grow our staff from 200 staff members in 2004 to 1,200 by 2009. While historically we had relied mainly on former program participants (our “alumni”), the vast majority of our alumni were under the age of 30 and did not have extensive management skills and the traditional problem solving skills that many for-profit executives and management consultants obtain through their work.

While we worked to meet many of our staffing needs by recruiting more people from the for-profit sector, we realized this was not a long-term solution. We knew that in an ideal world a significant number of our staff members would have the firsthand experience and knowledge of our work that our alumni receive from helping the students they teach in low-income communities achieve significant academic gains. Therefore, we needed to think differently about how to prepare our internal talent to assume significant leadership roles in the future, and we realized that, like many high-performing organizations, we would benefit from a robust internal system of “talent management”.

This led us to develop a competency model as the center of a Leadership Development System (LDS). The LDS is an integrated suite of activities, which are linked to the competency model. The LDS is the foundation of our Human Assets strategy, which aims to enable us to do the following: attract extraordinary, diverse talent in a timely way to meet our goals; engage staff members to create a productive, sustainable culture that builds Teach For America’s strength as an institution; develop the leaders at all levels of the organization that we will need to meet our short- and long-term goals; and retain our strongest contributors over time. We are on the path to maximizing the potential of the LDS by infusing it into the work we do across the entire spectrum of our management activities.

The Human Assets team’s work, in partnership with managers, is the critical lever to ensuring we live up to the promise of the LDS. While the Human Assets team creates and enhances the centralized LDS tools, systems, and processes, we charge our managers to be the front-line stewards of LDS. For example, managers have access to selection tools that can help them select people who are capable of

meeting the skill requirements of their role, and they make certain their new staff members attend centralized onboarding, which provides the opportunity for a new staff member to more deeply understand our culture and mission. Managers develop staff members' skills through role specific trainings and rich performance feedback, and they partner with Human Assets to reflect on the breadth and depth of their team members' abilities and proactively retain high-potential talent and identify critical gaps.

Ideally, the LDS will allow us to take talented young staff members and build them into future leaders so that we do not have to go outside of Teach For America when senior level roles open. We are investing significantly in this aggressive effort to build our own pipeline of leaders ready to assume increasingly complex roles that require significant management, relationship, and problem-solving skills because we know that this is the key to Teach For America fulfilling its potential as a force for change. Additionally, our hope is that our staff members can serve as a pipeline into leadership positions in other nonprofit and educational organizations given the importance of our collective work.

Turn to Encore Careerists

Marc Freedman, CEO and Founder Civic Ventures, and author of *Encore: Finding Work That Matters in the Second Half of Life*

John Armstrong would seem the perfect “bringer”—someone with a potent private sector resume, a lifelong commitment to public service, and the desire to become a dynamic leader in the nonprofit sector.

An MBA, Armstrong spent nearly two decades at Hewlett-Packard (HP) in various management roles, accumulating experience in finance, marketing, and strategy. At the same time, a powerful public service thread extended throughout his career—from West Point to leadership roles in the Army to a two-year stint in the Peace Corps in eastern Europe.

After retiring from HP in his early 50s, Armstrong took on a number of volunteer commitments, including tutoring at a charter school for low-income kids, serving with Habitat for Humanity, and volunteering at the Alliance for Climate Protection. These explorations helped him hone an interest in environmental education and left him wanting to do more.

Like millions of other baby boomers, Armstrong gave up thoughts of retirement to launch an encore career that amounts to a kind of practical idealism, combining the necessity of a longer working life with the spirit of service. Last year a national survey by [Civic Ventures](#) found that as many as eight million boomers were already in “encore careers,” combining continued income, new meaning, and social impact, and that fully half of those who hadn’t already done so were interested in moving down this path.

As “Finding Leaders for America’s Nonprofits” underscores, this impulse comes at just the right time, given the profound need for talent in the nonprofit sector today. The crucial challenge will be in helping those who want encore careers move from aspiration to action.

To be sure, some will be able to do so through well-designed matching services and job boards. But others will need to adapt or upgrade skills. To meet this latter group halfway, we will need to bolster the bridge from midlife careers to significant service careers in the second half of life.

Fortunately, there are signs of promising new pathways. For example, a growing number of community colleges and continuing education programs around the country have developed expedited, inexpensive one-stop programs aimed at helping boomers retool for encore careers in the social sector. Given the

prevalence of these colleges and programs in virtually every community in the country, the prospects for expansion are heartening.

Alongside new forms of education, we're witnessing the emergence of new kinds of training opportunities—fellowships and other midlife internships—with the potential to expose bridgers to nonprofit culture while exposing organizations to a new source of talent.

Just a few months ago, Armstrong joined the Silicon Valley Encore Fellowship program, where he was placed in a one-year role at Environmental Volunteers, helping bolster the group's outreach and communications capacity—and helping him bolster his resume in the nonprofit world. He hopes the year will be the springboard to a new body of work. (Thanks to new national service legislation signed in April 2009, federally-funded Encore Fellowships will be available to aging boomers in all 50 states next year.)

These new pathways can help turn a growing well of interest in encore careers into a windfall of time, talent, and experience for nonprofits. And, given the sector's upcoming needs, not a moment too soon.

Work with the Data

Peter Goldberg, President and CEO, Alliance for Children and Families

The nonprofit sector has grown substantially in size and complexity over the past several decades. Indeed the sector now represents about 7 percent of GDP and 10 percent of the nation's workforce. There are approximately 12-13 million people employed in nonprofit organizations. This sector is now too large a part of the American economy to be ignored, even by the 90 percent who are not part of it.

While the nonprofit sector has grown past the horse-and-buggy era, information on it and its characteristics is now only beginning to catch up. The development of GuideStar as a data base on nonprofit organizations has been most important. GuideStar provides an important foundation for developing data-driven information about our growing sector that was not previously available or accessible. But any database is just fundamentally inert unless someone—people or organizations—is mining it, massaging it, and analyzing it.

“Finding Leaders for America’s Nonprofits” is grounded in the data; its messages and conclusions are data-driven. As our field grows in size and complexity our understanding of the field needs to be more data-driven, less speculative, less “in my opinion,” and more “according to the data.” It seems to me that you can agree with the data or disagree, but if you disagree, the root of the disagreement ought to be grounded in concerns about how the data was developed, how the data was massaged, or how it was analyzed. High-performing nonprofit organizations are increasingly data-driven.

This report extends, deepens, and generally validates Tom Tierney’s earlier report on the leadership deficit in nonprofit organizations. Consider it the second sounding on your alarm clock snooze button if you overlooked or ignored Tierney’s earlier wake-up call!

The discussion about “cultural fit” between an applicant with a for-profit background and an available leadership position in a nonprofit organization is particularly important. Infusing a nonprofit organization with senior executives drawn from for-profit backgrounds has both tactical and cultural considerations. Without question, those of us associated with Bridgespan believe strongly in the rationale and benefits of proceeding in this way. However, I also applaud Bridgespan for providing both (a) the opportunity for a conceptual and reasoned discussion about this issue; and (b) their guidelines for how to make “bridging” successful for both the bridger and the nonprofit organization.

High-performing nonprofit organizations will use reports such as this to inform their strategies and develop their plans to both sustain high performance over time, and to differentiate themselves from colleagues and competitors who more often ignore or overlook data-driven perspectives than utilize them.

Meeting Future Leadership Needs Will Require Multiple Pathways for Diverse Leadership

Carol S. Larson, President and CEO, The David and Lucile Packard Foundation

For 45 years the [David and Lucile Packard Foundation](#) has been dedicated to improving the lives of children, advancing reproductive health, and promoting conservation and restoration of the earth's natural systems. In both business and philanthropy David Packard believed in the transformative power of individual leadership. He recognized then, as we do now, that our success at the Foundation is dependent upon working in partnership with strong nonprofit organizations led by visionary and skillful leaders.

Today, as we face one of the deepest and longest economic recessions in recent memory, the importance of strong nonprofit leadership cannot be overstated. The societal challenges we face are urgent and complex, both global and local in scale, and adversely affected by the economic downturn. As resources tighten, foundations and other nonprofits are reimagining how we do our work as we are faced with the need to do more with less.

Three years ago, the Bridgespan Group brought to light the looming leadership deficit in the nonprofit sector. Contrary to what economic trends might predict, this latest Bridgespan report demonstrates that the leadership deficit is still with us. However, while the need is great, the opportunity to strengthen nonprofit leadership has never been greater.

Meeting tomorrow's leadership needs in nonprofits will require providing multiple pathways and tapping into a diverse pool of talent. Most certainly this includes encouraging the interest of, and breaking down barriers for, leaders with for-profit experience to bring their experience and skills to bear in the nonprofit sector. Our Foundation is proud to have been an early supporter of Bridgestar in these efforts. It will also require us to pay more attention to creating a flow of talent among nonprofits and to developing career ladders and leadership training for the many talented individuals already working in the sector. As we do both, it will be important to keep a focus on diversity, making sure that we tap into leadership across race and ethnicity and capture the talent and passions of both young, emerging leaders as well as seasoned leaders who have much more to give.

Nonprofits will also benefit from the current renaissance in civic engagement. Even short of working full time in the nonprofit sector (and often in preparation for doing so), there are many ways for talented individuals to contribute and learn. Volunteerism is soaring, pro-bono consulting and legal services

programs are emerging as critical resources for nonprofit organizations, and many “boomers” in their 50s and 60s are embarking on retraining for “encore careers” in the social sector. We need to encourage opportunity and innovation in each of these areas.

During this time of uncertainty and crisis, the charge of the nonprofit sector is not an easy one. However, tough challenges require new thinking, willingness to experiment and innovate, flexibility to engage across sector boundaries, and foresight to engage the best talent from all sources to meet the charge. This report gives us insight and direction on how that can be done, and we are grateful for Bridgespan’s continued focus on this critical issue.

Support Investment in Systems that Support Growth – Including Leadership

Adam Myerson, President, The Philanthropy Roundtable

The [Philanthropy Roundtable](#) and our members have greatly benefited from Bridgespan’s reports on the nonprofit leadership deficit. An important implication of these reports for funders is that one of the best ways a foundation or donor can strengthen a favorite grantee is to enable the grantee to hire the key executive leaders (e.g., chief operating officer, chief financial officer, chief technology officer) that will be necessary for the organization to grow. This is especially important in a recession year, when nonprofits have an excellent opportunity to invest in internal systems that will put them in a position to grow rapidly when the economy picks up again. Frequently this investment in systems will require hiring executive talent with operating and functional skills and experience.

One significant finding in the most recent Bridgespan report is that “the inability to offer the level of compensation necessary to attract the right person” is the single biggest obstacle to finding suitable nonprofit leaders. In their efforts to guard against abuse within the charitable sector, it is important that Congress, state legislatures, and the IRS not interfere with the ability of nonprofits to attract and retain executives who can deliver superior performance and growth.

Increase the Sector's Leadership Talent Pool through Training and Development

Neil Nicoll, President and CEO, YMCA

The Bridgespan Group's continuing research confirms what those of us in human services organizations experience on a daily basis: finding talent is hard. The staggering number of projected vacancies only compounds a fundamental challenge: *Where do you find and how do you develop the talent you need?* The answer to that question remains fixed—either you grow leaders internally or recruit them externally.

My perspective comes almost exclusively from the human services arena, shaped by the specific challenges we face in the [YMCA](#). We have a combined workforce of 250,000 employees, working in 970 independent associations that range in budget size from \$250,000 to \$150 million.

Cultural fit is important. However, I believe that nonprofit leaders worry far too much about starting with the perfect fit. This is particularly true with “bridgers” from the for-profit world. In my experience, if I attract bright and talented senior people to the organization, I can help them fall in love with our cause. On the contrary, I cannot make senior people bright and talented, regardless of how much they love our cause.

YMCA history shows that below the chief executive officer (CEO) level, bridgers are just as likely to be successful as those who come from the nonprofit sector. Many bridgers who seek opportunities in our sector have decided to seek work with deeper purpose and already are aware that compensation levels may be lower than in the for-profit sector. They are predisposed to wanting to make a difference. However, their cultural adjustment cannot be left to chance. Bridgers can learn the techniques necessary to succeed through intentional training, mentoring and support, provided along with cultural on-boarding that deepens their understanding of and connection to the mission.

That said, when bridgers move into CEO positions, they face a more complex set of issues. Because the CEO is the keeper of the mission and culture, an individual new to the nonprofit world has a much shorter and steeper learning curve than someone deeply familiar with the sector. *Stanford Social Innovation Review* noted in a 2006 article entitled “What Business Execs Don't Know – But Should – About Nonprofits” that business leaders “all too often underestimate the unique challenges of managing nonprofit organizations...” To maximize the potential benefits that bridgers can bring to nonprofit organizations as CEOs, we must start with our volunteer board leaders. First, they must understand and embrace our mission and culture. Second, board members must surround new entrants with capable and

attentive mentors who can help bridgers acclimate quickly. Without a prepared board the transition can be very difficult.

Nonprofits will never succeed in filling the leadership vacuum by competing and chasing a finite pool of candidates. The long-term solution is increasing the sector's internal pool of candidates through more robust and sophisticated leadership development programs.

Sector leaders can join in creating an integrated leadership development architecture that will span multiple tiers of leadership and link structured training and development with talent management processes such as performance management and succession planning. I envision this architecture as a Leadership Competency model, within the YMCA or for the larger nonprofit sector. By identifying the competencies required at each career level, both individuals and organizations can manage talent development in a clear, coherent way.

Processes and systems that help staff bridge the gap between learning and real work are one critical component that is often missing in nonprofit leadership development and training. We in the YMCA now are developing and implementing the tools that will allow us to link core competencies to job experience, training, succession planning, and performance management.

Until we as an organization—and the sector as a whole—become much more intentional about development of internal talent, we are doomed to an ever-growing leadership deficit. On the other hand, with a more welcoming and supportive attitude about bridgers and the proper development of tools, we can increase our leadership talent pool and more successfully deliver the critical services our communities require.

Sector-wide Intervention Is Necessary

Wendy Puriefoy, President, Public Education Network

I am especially pleased to have the opportunity to respond to Bridgespan's study on "Finding Leaders for America's Nonprofits" because, selfishly, it gives me the opportunity to think about the "leadership" needs of [Public Education Network](#) (PEN). While PEN's leadership issues are consistent with the findings of Bridgespan's study we find ourselves addressing all of these issues in duplicate: our 81 individual member organizations and the national office.

You see, PEN is the largest community-based group of public education advocates for economically vulnerable children attending low-performing public schools. Public Education Network's member organizations reach 12 million children through a network of local education funds in 31 states and 1600 school districts in the U.S. and five foreign countries. These organizations partner with school districts and communities. Their work focuses on increasing student achievement and success through a range of locally-developed programs including creating small high schools, developing math, science, and social studies curricula, establishing teacher professional development and teacher residency programs, launching literacy programs for children and parents, and educating and building a constituency of thousands of local public school advocates. In essence, they are small organizations with very large missions. And, the local education funds depend upon great leaders to fulfill their missions and their school partners and communities depend upon them to be great leaders for the cause of quality public education for poor and disadvantaged children.

Within the last decade the Network's national office has conducted research on the leadership needs and capacities of our members and through the organization's annual survey we gather data on leadership longevity, organizational structure, and new positions. Currently, an estimated 24 percent of our 81 executive directors are new to their jobs (within the last three years). Several members' organizations have experienced unsuccessful transitions from the founder to the next leader. And, too many of our members are unable to recruit or successfully compete for the top talent to run programs and manage their organizations. And, as Bridgespan pointed out in its study, PEN's members are experiencing the "baby boomer" syndrome with a graying group of leaders at the top and in the members' boardrooms. Finally, the entire Network is engaged in strategic planning with the hoped for end result aimed towards making a dramatic improvement in the educational outcomes for low-income children.

For many nonprofits the next decade will be filled with opportunity, change, and challenge. All of us will be asked to do more with less financial resources at a time when our communities require more. Many in the

sector argue that this period of sharply reduced resources opens the opportunity to reorganize and intentionally streamline the nonprofit sector. But we cannot and should not perform with diminished intellectual talent. How can we solve or at least address within the sector our leadership issues? Well, this leadership study is certainly a first step. How many of us know the information in this study as it pertains to our own organization? How many of our boards understand these issues? What do our funders understand about these issues? And, what steps do we take to address our multiple challenges? Can nonprofits help each other on these issues? It would be prudent for nonprofits to invest some of their funds along with foundations and corporations to build a SWAT group to work with us. The SWAT team could begin its work at two ends of the spectrum: with those nonprofits that serve the most vulnerable and needy populations on annual budgets of \$250,000 and those organizations whose impact in key fields such as health care, education, employment, and the environment (as a start) would be severely diminished without focused assistance on leadership.

The field needs a strategic intervention (a structural adjustment, if you will) because the effective work and the impact potential of the entire nonprofit field is at risk. I believe the situation is dire, even. Because of the Bridgespan Group's studies we know definitively the scope of the problems we face and that the solution for nonprofit effectiveness is in the employment and development of top leadership talent, a sound strategic/business plan with clear metrics for success, and the application of resources. There is another factor to consider: Too many nonprofits are run on too much faith and not enough strategy. In fact, "faith" is truly considered by individual and institutional donors to be a critical operating principle, especially for those organizations serving poor and needy people in neighborhoods across America. And, it is an important ingredient for organizational success. However, faith alone is not a suitable weapon against the challenges nonprofits face today.

Of course, all strategy with no faith is not the right mix either. Effective leaders have the skill and tools to achieve the appropriate chemical mix. In fact, leaders know that faith and hope as principles translate into an effective and accountable set of strategies to move the organization forward. Cause-driven nonprofit organizations like my organization are in both the performance and hope businesses. We lay a structural foundation using data and sound research practices, experimenting with new approaches, and assessing progress and impact of the intervention and then climbing the ladder of success on the rungs of faith and hope to the next place where need and opportunity favorably combine. To perform that work requires leadership. And, the sector needs to pay attention to this issue to further the development of the field so that we can serve our neighborhoods and our country.

Invest in Developing Leaders

John R. Ryan, President, Center for Creative Leadership

There is no question the for-profit world has long recognized the importance of leadership development and invested in it as a key ingredient to organizational success. Through this report, Bridgespan and American Express have focused a spotlight on leadership as critical to nonprofit sustainability and success. Developing leaders is, therefore, as critical for nonprofits as it is for corporations. Ongoing leadership and management development have for too long been considered a “nice-to-have.” They should actually be as central to the work of nonprofits as fundraising and the delivery of programs. Perhaps “bridgers” can bring with them this tradition and expectation.

Throughout our four decades as a global research and education provider, the [Center for Creative Leadership](#) (CCL®) has heard nonprofits express the need for available, affordable, and high-quality leadership training. So it is encouraging to see a steady increase of training offerings for them. With these increased offerings comes the challenge for nonprofit boards, grantmakers, and supporting organizations to fund and encourage participation, as well as to ensure that providers offer quality programs with follow-up and measurable results. Today’s challenges require nonprofit leaders, whether new to the sector or having progressed through the ranks, to be equipped with skills and insight to achieve more than ever before through creative leadership—the capacity to think and act beyond the boundaries that limit our effectiveness.

Given CCL’s mission to advance the understanding, practice, and development of leadership for the benefit of society worldwide, it has been a particular privilege to partner with American Express in creating, delivering, and measuring the results of the [Nonprofit Leadership Academy](#).

Leaders mentor new leaders when leadership training is done well, promoting the internal re-seeding noted by Bridgespan. We have seen without question that developing leaders creates a culture of performance. As stated by research firm Bersin & Associates, “Leadership development creates a magnet for high-performers and fosters a high-performance organization. This is why the organizations that are ‘built to last’ have strong histories of leadership development. Great leaders attract, hire and inspire great people.”

As a nonprofit ourselves, with a keen interest in seeing this sector thrive, we couldn’t have said it better.

Build Bridges

Judy Vredenburg, President and CEO, Big Brothers Big Sisters of America

Bridgespan Group's newly released study tells us that their original prediction of a serious nonprofit leadership deficit continues, even in this economic downturn.

What an opportunity for nonprofit organizations and for leaders, not only for in-sector professionals but for industry executives, to “bridge”—to use their talents to contribute meaningfully to solving society's most intractable problems.

At [Big Brothers Big Sisters](#) we've grown our leadership ranks, yes, by developing social sector professionals, but also by attracting talent from the business world, in relatively large numbers at national and local leadership levels. Of the nine member executive team at the national office, four functional leaders were recruited directly from companies, two of us came from nonprofits after working for decades in for-profit companies, and three joined the national organization from within the social sector nonprofit field. Not surprisingly, the latter three are our mentoring programs, fund development, and agency development vice presidents. Several of our major market Agency chief executive officers come from industry, including the leader of our largest affiliate, North Texas, and the head of our home agency, Southeast Pennsylvania. Personally, I'm one of those “bridgers,” whom Dr. Jennifer Howse, president of the March of Dimes, took a chance with 17 years ago.

Our experience completely confirms the Bridgespan Group's findings—that functional skills matter and are transferable but culture fit is the “deal breaker.”

What are the most salient cultural differences, what are the similarities, and what can nonprofits do to attract, retain, and develop leaders from the for profit sector in order to help fill our leadership needs? Individuals in both sectors must overcome common misperceptions and biases.

The most significant cultural differences start with passion for the organization's mission. In nonprofits, employees are much more deeply committed to the organization's purposes and are more motivated by these compared with their self-interest. Secondly, with so many more legitimate stakeholders, who “own” the mission, nonprofits are more likely to value and incorporate collaborative decision-making. Thirdly, since there cannot be sector-wide definitions of mission success and measurement is often difficult (especially in the short-term) many nonprofits avoid the subject of “bottom line” measurement. Nonprofits,

as a generalization, tend to be more process- and structure-oriented and less focused on strategies and objective performance measures to achieve results.

In my view, cultural similarities start with a client orientation and responsiveness. Both sectors value their clients or customers a great deal and know that they are the reason the organization exists. Secondly, the importance of quality execution pervades for-profit and nonprofits equally, both demonstrating an openness to learning and continuous improvement whether of services, products, or processes. Unlike the past, competition pervades both sectors, which puts a premium on the third similarity of innovation. Nonprofits are as likely as for-profits to be innovative; to be entrepreneurial and creative in searching for solutions; and, given the scarcity of resources, maybe even more so. These important, often unrecognized, sector similarities suggest that effective management ought to be transferable to some degree. Given this cross-sector recruitment potential, what can nonprofit organizations do to capitalize on the opportunity?

Let's begin by recognizing that many for-profit leaders are dissatisfied by the narrow, short-term financial objectives that dominate their organizations, and some yearn to be connected with a socially contributory, mission-driven organization. This seems particularly true as people get older and are more likely to think about the meaning of their lives. We need to be open to candidates who will demonstrate a commitment to our missions, even if they have never worked full-time for our causes.

Very critical to successful transition is the socialization process, where the bridger, without bias, understands in advance the cultural differences, the organization develops a deliberate orientation and development approach (including, dare I say, "mentoring") and bosses, including board chairs, are comfortable providing performance feedback.

Bringing performance accountability, using data to make decisions, tackling the tough issues of measurement, and managing with fiscal discipline and focus, are what we bridgers with leadership experience in for-profits can mean to nonprofits. On the other hand, nonprofits provide us the opportunity to address stimulating leadership challenges and to work collaboratively while tapping into our deep passions to serve on behalf of causes larger than ourselves. Indeed, when the talent flows across sectors, we as individuals, our communities—and our country—are better off.