



A REPORT BY THIRD SECTOR NEW ENGLAND

Essential Shifts for a Thriving Nonprofit Sector

Brief for  Hartford Foundation
FOR PUBLIC GIVING
Together for good.™

IN THEIR WORDS: Advice to the Next Generation of Leaders

Thank you for investing your time and talent. Stay passionate, engage mentors, be disciplined about work/life balance, network across sectors, take risks, be curious and creative, be kind always and take at least one moment every day to connect deeply and personally to the mission on which you work. **Think big, think long-term.** Take good care of your health. **Stay focused on your mission and have the discipline to say “no” to funds that are outside of your mission.** Try to find a mentor in the same or similar field that you can rely on. **Get coaching early. Develop sound management and leadership skills.** Don't over promise, be realistic; it's okay to fail, and it's okay to be quiet. **Be compassionate, dispense with anger, listen, use kind words.** Take advantage of leadership programs and professional development opportunities when you are young and climbing the ranks. **Think bigger. Do tangible stuff. Don't be a sheep.** Don't take yourself too seriously and don't get discouraged; surround yourself with good people. **Learn fund development skills early.** Do not get discouraged by disappointments. **Pay attention to building relationships between board and key staff leaders, and to supporting complete honest communication.** Executive coaching and leadership peer networks are invaluable. **Find the right people for the right roles.** Listen more than speak. Break norms. Know your style and openly communicate that to staff. **Provide as many professional development opportunities for all staff as you can afford to budget.** Learn to set boundaries! Learn to delegate! **Do not try to fit a person into a role—or create a position for a long time employee that is no longer effective.** Be aware of one's weaknesses and learning from mistakes. **Running a non-profit is like working in a perpetual start-up: it's fast, fun and furious: repeat. When you leave, you take great memories.** Seek information and guidance from others. **Listen and learn with patience. If you come from the for-profit sector you have a lot to learn about how the nonprofit sector operates.**



Essential Shifts for a Thriving Nonprofit Sector

Credits:

Written by Hez G. Norton and Deborah S. Linnell

Edited by Jonathan Spack and William H. Woodwell, Jr.

Research and Editing by Tamsin Elias

Additional Research by Melissa Alexis

Data Analysis by Elliot Oberholtzer

Design by Kate Canfield

Table **of** Contents

4	Overview
4	About This Brief
4	Nonprofit Fields Represented
6	Geography
6	Summary of Findings
7	Hartford Foundation for Public Giving Leader Profile & Challenges
15	Recommendations

Overview

Leadership New England: Essential Shifts for a Thriving Nonprofit Sector was made possible by the contributions of more than 1,200 nonprofit leaders and board members who generously gave their time to complete the survey. One hundred twenty-three leaders in the Hartford Foundation for Public Giving (“HFPG”) catchment area (referred to as “HFPG leaders” throughout this brief) and 49 board members contributed to this brief. Feedback from these leaders is reported here and compared to the **Leadership New England** regional report (“LNE”) where there are significant differences and occasionally where there are similarities. Please refer to *Leadership New England: Essential Shifts for a Thriving Nonprofit Sector* for an understanding of key findings and data where there were no significant differences between the New England and HFPG samples.

We hope that *Leadership New England: Essential Shifts for a Thriving Nonprofit Sector* provides useful information for the region and for the field at large. Third Sector New England is grateful to the Hartford Foundation for Public Giving for partnering on the regional report and this brief.

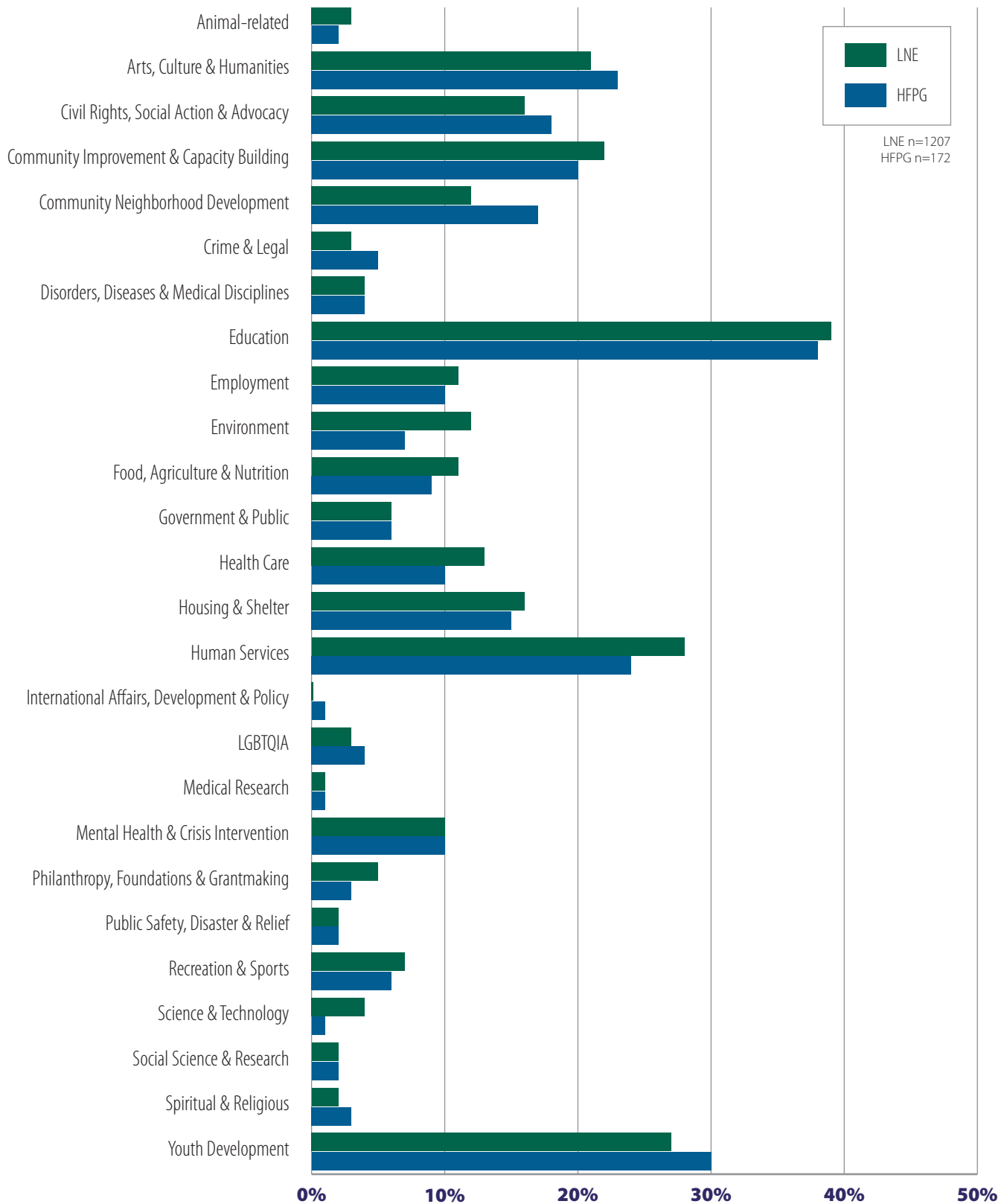
About This Brief

This brief focuses on the 172 survey responses from the HFPG catchment area. The catchment area (as defined per request of the HFPG) includes mostly cities and towns in Hartford County, as well as selected portions of Tolland County, Connecticut. The 123 leader responses and 49 board responses from the HFPG catchment area have been compared statistically to the full LNE data set for several key measures, and significant differences are reported in the key findings below. As a reference point, the 123 responses from HFPG leaders represent 14% of the 877 total leader responses from New England; the 49 responses from board members comprise 15% of the 330 total board responses.

Nonprofit Fields Represented

The responding HFPG leaders and board members represent fields that are generally the most highly represented in New England respondents overall. Like the full LNE sample, education, human services, youth development, community improvement and capacity building, and arts and culture are the five top areas represented by HFPG respondents.

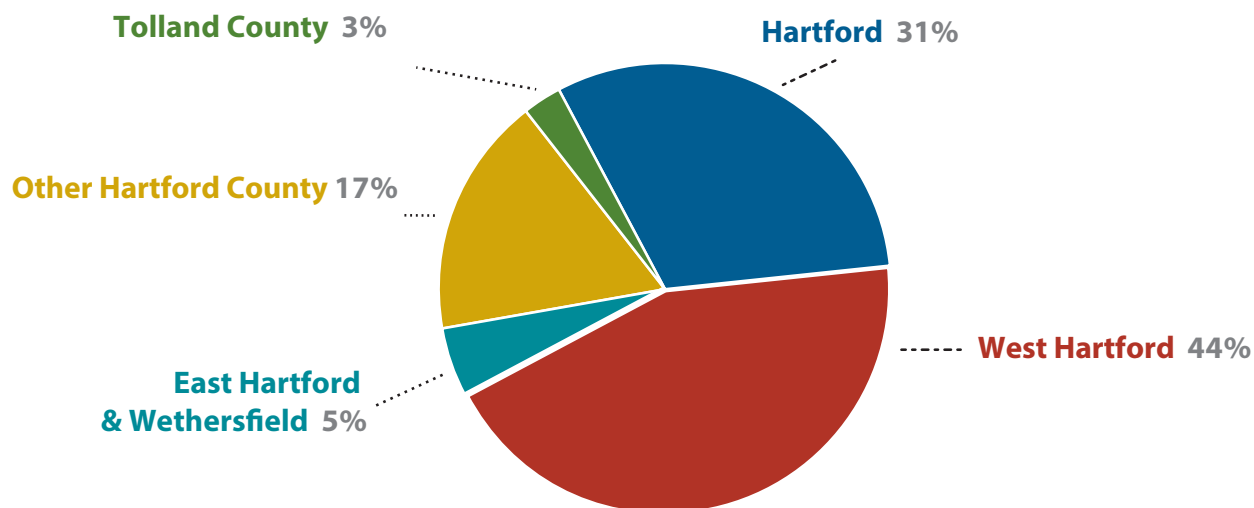
LNE and HFPG Leaders and Board: Organization Fields



Geography

The HFPG responses are mostly from Hartford County, with the majority coming from Hartford and West Hartford.

HFPG Leader and Board Responses by Geographical Area



Summary of Findings

Key areas of difference and similarity between HFPG and New England responses are as follows and are further analyzed in the following sections:

- HFPG leaders are more racially diverse.
- HFPG leaders are older and have been in their current positions longer than the LNE sample.
- HFPG leaders have higher salaries than New England respondents overall.
- On the whole, the budgets of the HFPG leaders' and boards' organizations are higher, and leaders report having more paid staff.
- While HFPG leaders expect to leave their positions at a similar rate to the rest of New England leaders, HFPG leaders are significantly more likely to have succession plans in place.
- HFPG board members are more likely than the full LNE sample to cite moving from the area as a reason their leader is leaving the organization.
- While HFPG leaders agree with the rest of New England that fund development is the leaders' number one challenge, HFPG leaders are significantly less likely than the full LNE sample to rate "creating effective organizational structures and systems" as challenging.
- HFPG leaders rated their boards significantly lower than HFPG board members rated themselves on all criteria for board effectiveness except "financial oversight" and "constructive support during conflicts."

HFPG Leader Profile & Challenges

DIVERSITY AND AGE

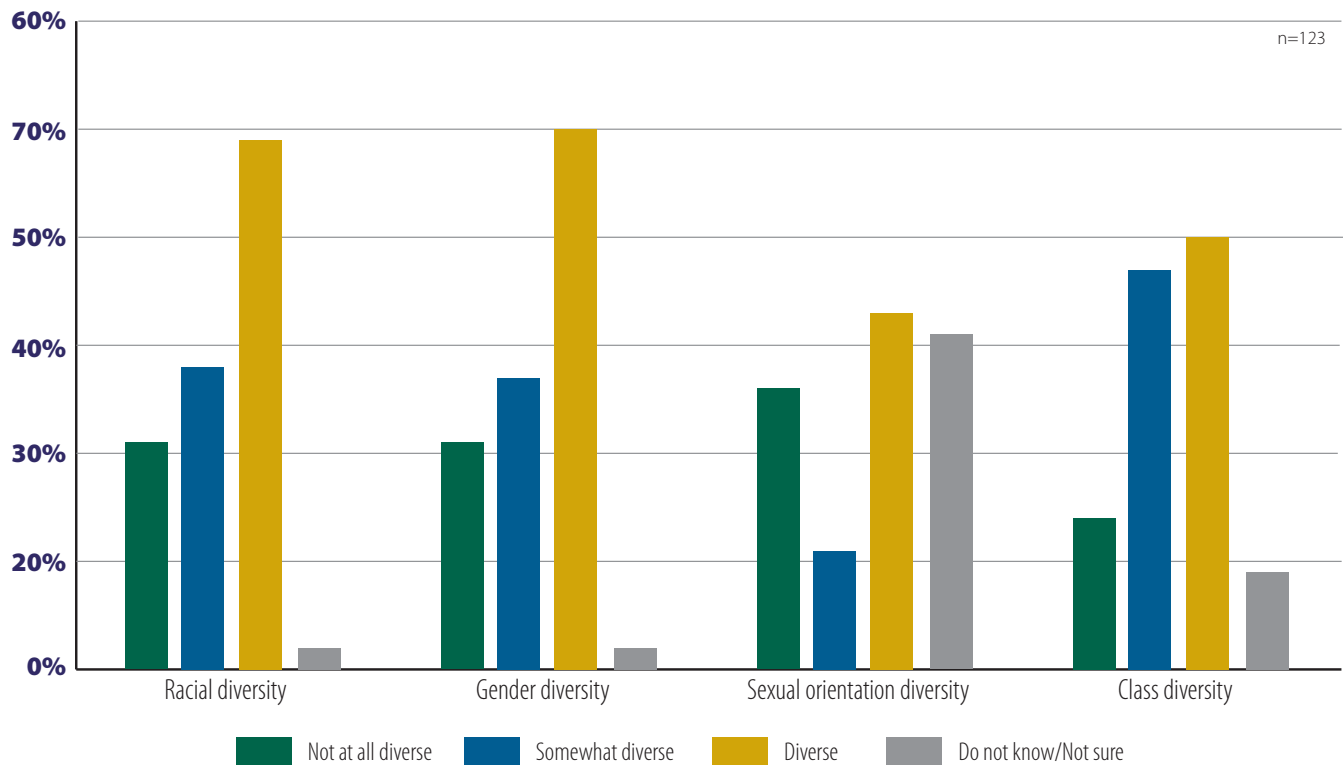
As with the New England–wide sample of respondents, HFPG leaders are predominantly white (77%), but significantly more racially/ethnically diverse than the LNE sample, which is 87% white. And boards in HFPG organizations are less white than the LNE sample, at 63% versus 86%, respectively.

HFPG leaders also report that the staff makeup of their organizations is racially diverse, more so than the LNE sample: 40% of LNE leaders said their staffs are “not at all diverse” compared to only 21% of HFPG leaders. HFPG staff makeup, however, was no more diverse in terms of gender, sexuality, or class than the LNE sample.

One of the LNE findings speaks to the need to create bench strength among younger leaders who represent the quickly diversifying population of New England. With regard to the race of current leaders and staff, HFPG has a leg up on other New England regions, but as is always the case, intentionality regarding investing in diverse future leadership will be key as HFPG organizations approach a generational shift along with the rest of New England.

HFPG leaders are older than the New England sample as a whole. Fifty-three percent of leaders responding to the New England survey were 55 or older, whereas 59% of HFPG leaders were older than 55. Eighty-eight percent of HFPG leaders are older

HFPG Leaders How diverse do you feel your staff is?



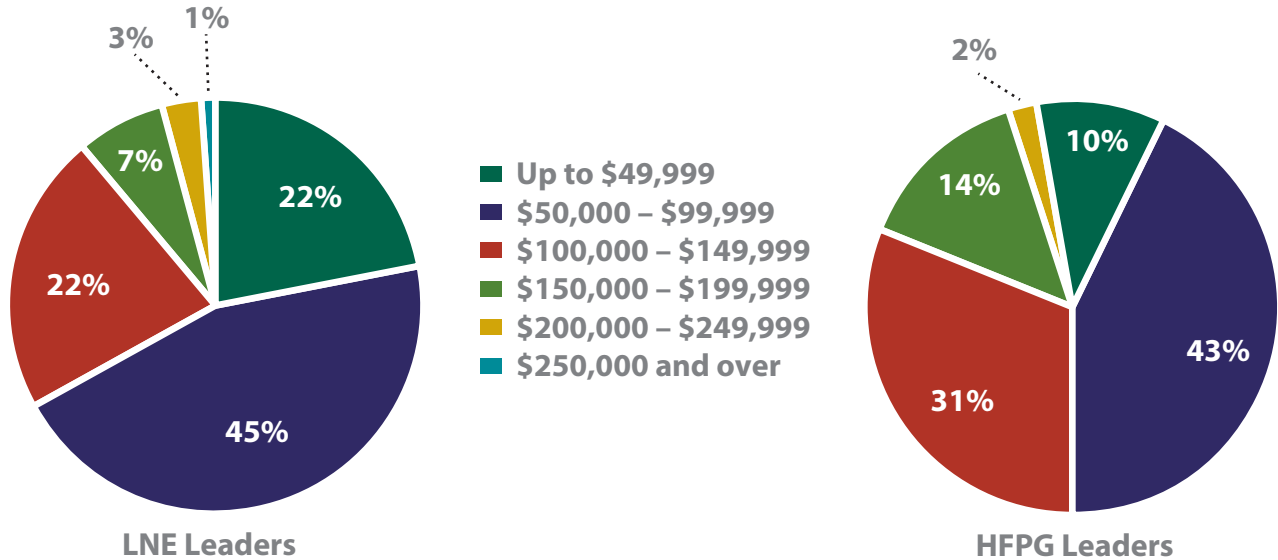
than 45 years of age compared to 80% of the LNE sample. The region may experience faster turnover of aging leaders than other areas of New England as a result, so planning for age-related leadership transitions as a region is recommended.

LEADER COMPENSATION

Leaders in the HFPG area report higher salaries than LNE respondents overall, with just 10% of HFPG leaders reporting salaries under \$50,000, and 47% at \$100,000 or more. In comparison, the full LNE sample reported 22% under \$50,000 and 33% at \$100,000 or more. Both the HFPG and full LNE samples share a substantial portion of leaders in the \$50,000 to \$99,999 range (43% and 45%, respectively).

The HFPG data mirrors national findings that show women hold fewer executive leadership positions at large nonprofit organizations, and they are paid less overall than their male counterparts, especially in larger organizations.¹ There are significantly more women HFPG leaders in the lower compensation ranges: 9% of female HFPG leader respondents made over \$200k, while 35% of male leader respondents did. In contrast, 61% of female HFPG leader respondents made under \$100k, and 32% of male leader respondents did.

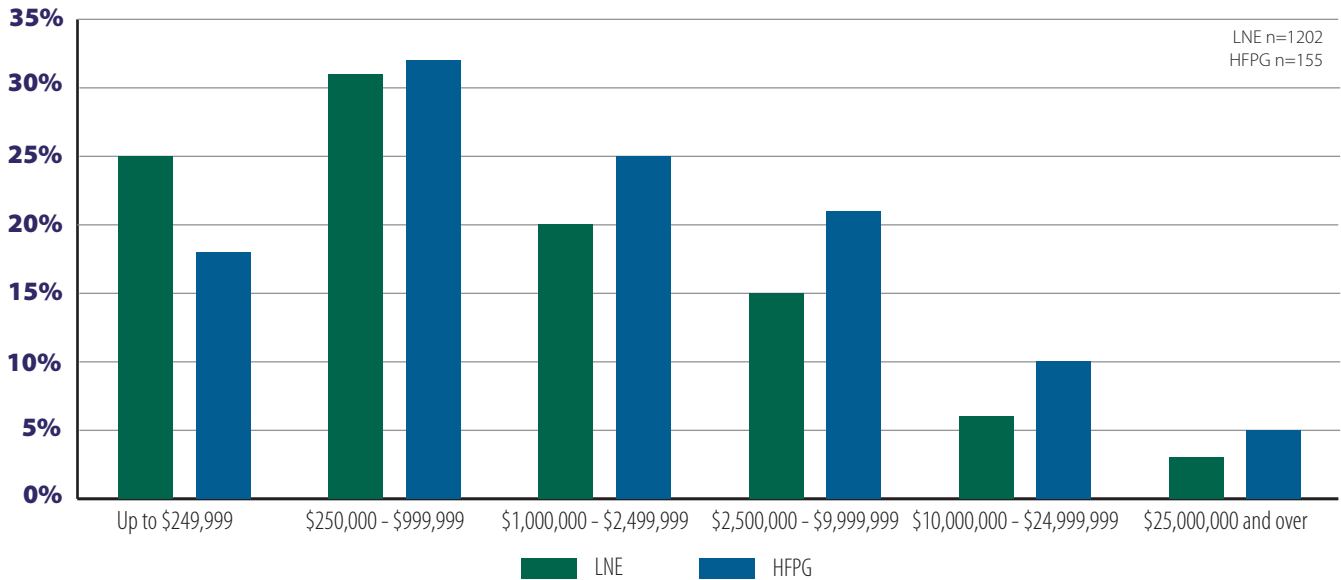
LNE and HFPG Leaders What is your annual income from your current position?



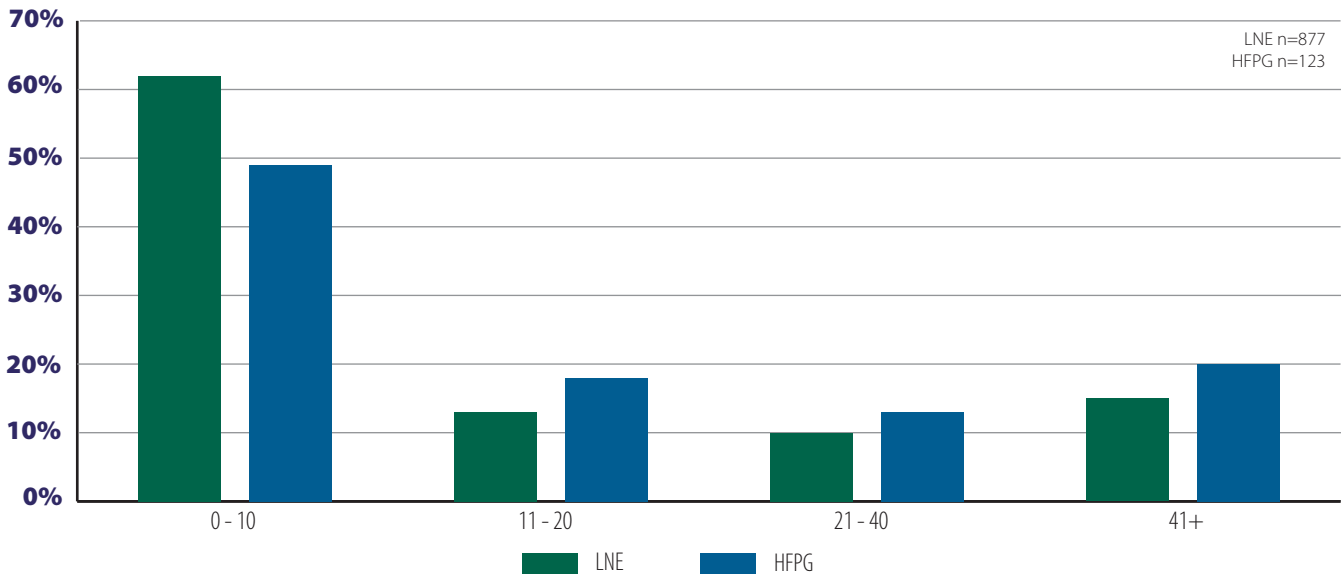
BUDGETS, STAFF SIZE, AND FINANCIAL HEALTH

Both the HFPG leader group and the leaders and boards combined report larger overall budgets than the full LNE sample. (On its own, the board group does not show a significant difference in budget size compared to LNE.) The HFPG sample reports fewer organizations under \$250,000 and more organizations in each budget category of \$1 million or more.

LNE and HFPG Leaders What is the annual operating budget of your organization?

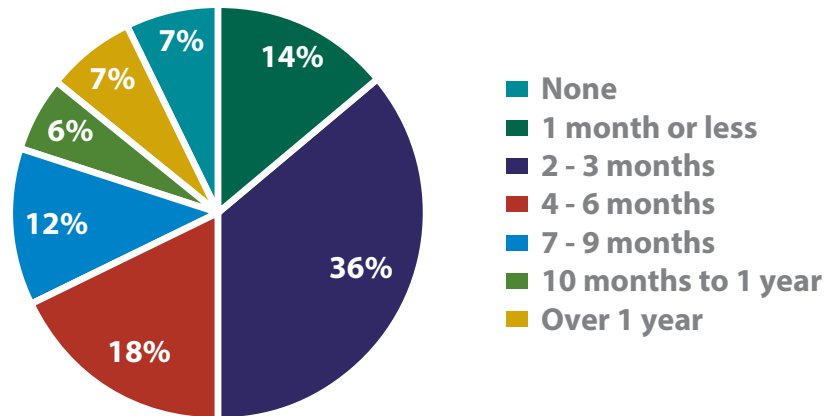


HFPG Leaders How many paid staff does your organization have?



HFPG organizations may be investing some of those larger budgets in staff, as HFPG leaders have more paid staff on average than LNE as a whole. Larger budgets, however, do not necessarily make a difference in financial health: HFPG leaders indicated that their organizations are similar to the full LNE sample in terms of financial health as represented by amount of cash reserves, with 57% reporting three months or less of cash on hand.

HFPG Leaders How many months of cash reserves does your organization have?



EXECUTIVE TENURE AND TRANSITIONS

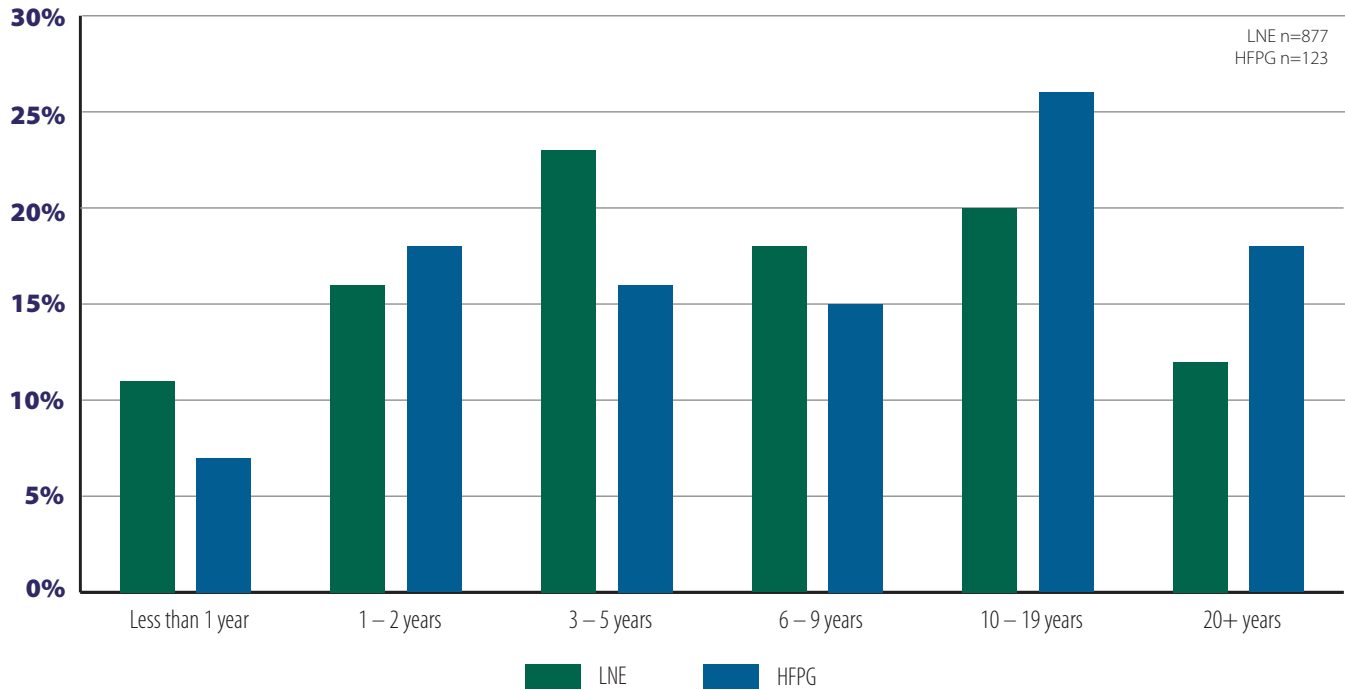
HFPG leaders have been in their positions significantly longer than LNE leaders as a whole, with 44% of HFPG leaders holding their current positions for 10 or more years, compared to 32% of LNE leaders.

HFPG leaders anticipate that they will leave their positions at the same rate as the rest of New England leaders: a total of 66% HFPG leaders expect to leave within five years, 27% within two years, and 7% in one year. While these anticipated rates are the same as the rest of New England, HFPG leaders are significantly more likely to have succession plans in place. In fact, HFPG leaders were more likely overall to have any succession plans, and they were also more likely to have each different kind of succession plan listed in the survey, with the exception of “planned absence of a leader.”

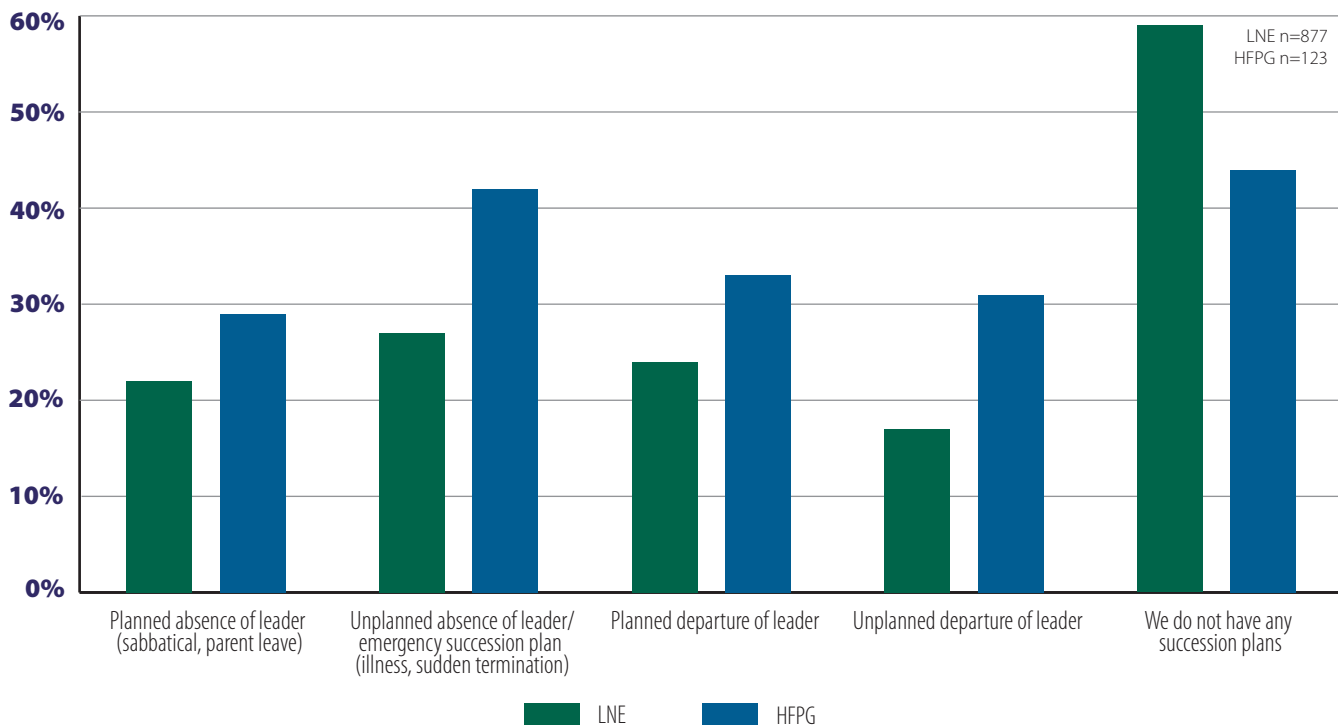
On the whole, HFPG board members responded similarly to the LNE sample for reasons their executive directors are planning to leave: retirement, timing is right, new organization or situation has attracted them, strain of position. However, HFPG board members cited “moving from the area” far more frequently as the reason their leader would leave the organization, 33% versus LNE board members’ 12%.

Census records indicate that Connecticut has recently experienced the third largest percentage population decrease in the U.S., driven at least in part by retirement out of state following improved economic conditions after the recession.² It is not within the scope of this study to further test for reasons leaders are leaving, but the HFPG may be interested in comparing this result to any other known regional issues on the topic of population shifts away from the Hartford area.

LNE and HFGP Leaders How many years have you been in your current position?



HFGP Leaders Does your organization have a succession plan for any of the following situations?



“My job satisfaction has declined due to the deterioration of board culture.”

“The precipitous reduction in funding availability and exploding competition for limited funds has significantly reduced my satisfaction and happiness with my job.”

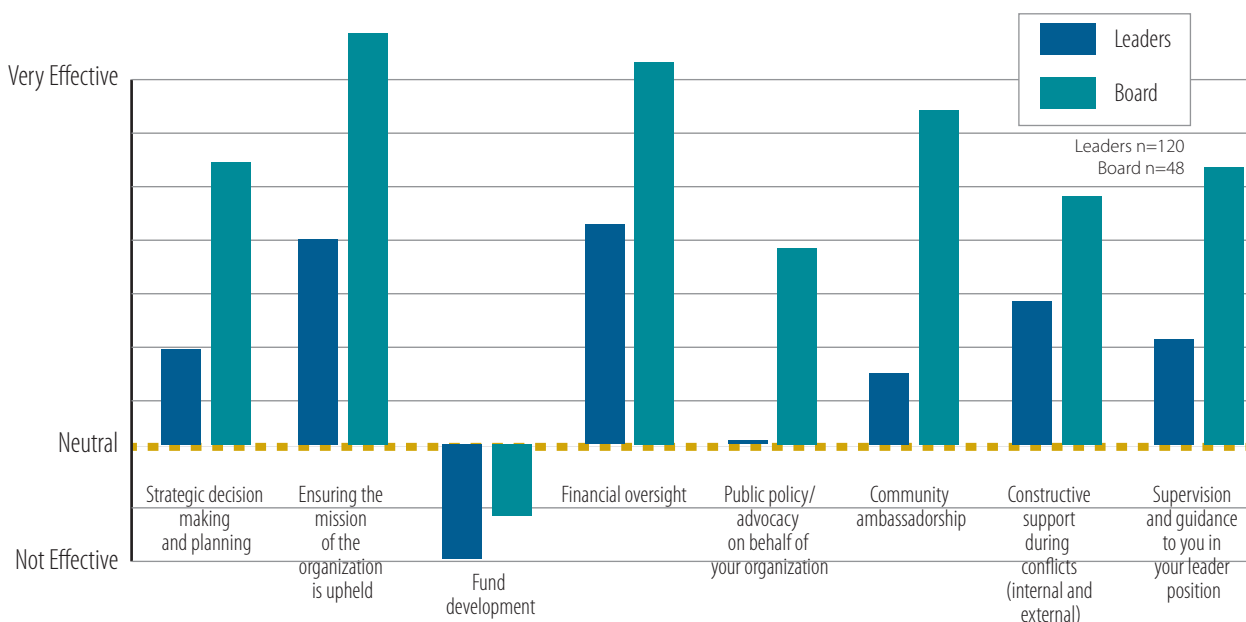
“[Leadership development] programs for experienced leaders are needed, along with support to those thinking about transition and support for sabbaticals so boards actually consider it.”

JOB CHALLENGES

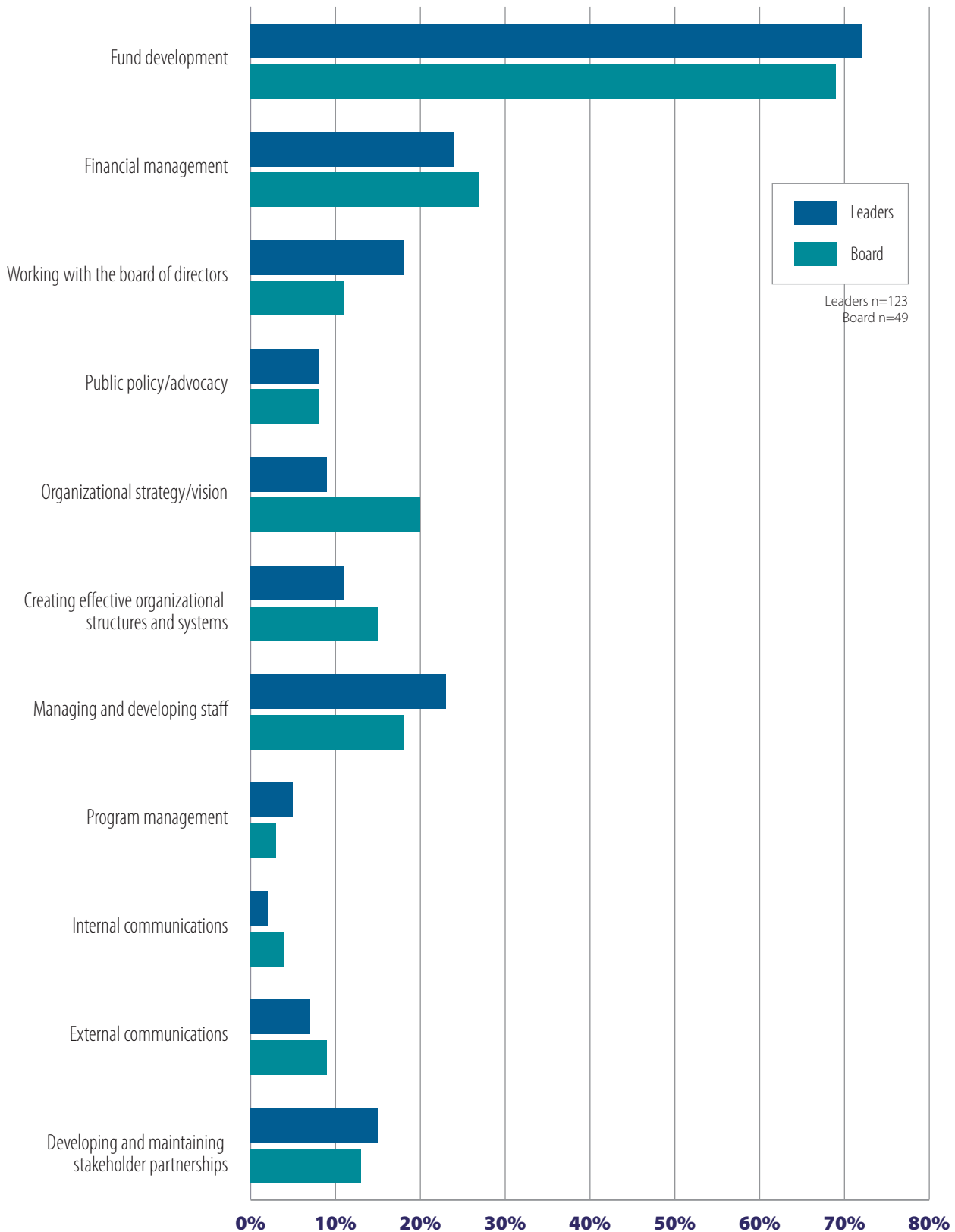
A major finding of the LNE study is that fundraising continues to be challenging for both leaders and boards and that it can sow the seeds of discontentment for leaders regarding their boards’ lack of effectiveness in supporting them in resource development. Like their New England counterparts, HFPG respondents also ranked fund development as the leaders’ highest challenge, but they were significantly less likely to rate “creating effective organizational structures and systems” as challenging. This suggests that while funding remains a substantial challenge, HFPG leaders may have more supports around developing structures and systems than do other New England leaders. Effective technical assistance and capacity-building programs like HFPG’s Nonprofit Support Program can create strong platforms for systems creation in nonprofits, particularly those having to do with financial management, technology, and human resources. About 10% of the HFPG respondents specifically mentioned attending trainings through HFPG: “The Hartford Foundation provides excellent workshops and training programs that are worth the time commitment. These have truly made a difference in how I lead my organization and have helped me make strategic improvements in our operation and fundraising.”

HFPG leaders and boards varied significantly in their perceptions of board effectiveness. HFPG leaders rated their boards significantly lower than HFPG board members rated themselves on all criteria for board effectiveness except “financial oversight” and “constructive support during conflicts.” The gaps in perceived effectiveness were around both external and internal organizational issues, with large gaps in the areas of community ambassadorship and public policy advocacy, as well as in upholding mission and strategic planning.

HFPG Leaders and Board How would you rank the board’s effectiveness?



HFPG Leaders and Board Which parts of the job does the leader find the most challenging?



IN THEIR WORDS: HFPG Leaders' Advice to the Next Generation

Join a coalition to build supports and bolster your position among other agencies. **Be mission-focused and business-minded. If your heart is in the mission, you cannot or will not go wrong by pursuing.** Succession planning is essential for organizational success. **Make sure to have a good board of directors, especially members with expertise in fundraising. Leaders often need to embrace change as a way to remain relevant to their consumers and clients.** Endowment, endowment, endowment. **Do not neglect this. You may not live long enough to benefit from an endowment, but the peace of mind it will provide to future staff is incalculable.** It has been very helpful to me to have had experience not only in the program-specific fields in which we work but also in development, HR, and finance through my previous positions. **I would highly recommend that other emerging leaders also look laterally and not just above for additional experience before moving into leadership.** Development of all personnel is essential to success. Developing a strategic plan and keeping it alive is essential. **Be flexible and courageous to lead change.** Never forget that you are in charge and that you are responsible for the organization. Neither can be delegated. **Develop a supportive and effective senior management team.** It can be surprisingly lonely! Develop relationships with peer leaders. **Ensure effective communications with your board and your members.** Hire for passion and can-do attitude—skills can be developed. Develop an excellent board. Inform them such that they understand your vision and buy into it. **Learn all you can. Take on new opportunities. Ask lots of questions. Stretch and grow at every opportunity.** Learn as much as possible about financial management and development. **Get to know others who work in your sector.** Think outside your sector about what other types of organizations you can collaborate with and learn from. **Understand completely what is required to be the best and how the principle of interdependence is a must in actually achieving that objective.** If you are passionate about your mission, all is possible. **Be willing to try any new idea. Establish a strong performance management process.** Find a mentor; develop a personal board of directors; READ. **You need to enjoy the high wire without a net.** Hang in there!

Recommendations

While Hartford Foundation for Public Giving leaders have made some advances compared to their New England peers in areas like succession planning and diversity, the significant gaps in how leaders and boards perceive board effectiveness in critical areas point to a recommendation that improvement of the relationship and communications between leaders and board members—that is, building a healthy governance culture—is especially pertinent for the Hartford Foundation for Public Giving region.

SHIFT #2

SHIFT THE VISION FOR GOVERNANCE.

The primary role of boards of directors is governance. Clarity about the roles and responsibilities of boards can help break the cycle of leaders' frustration with their boards' fundraising challenges as they view them in their truer role of overall stewardship, not primarily as fundraisers. The most critical aspect is educating and holding boards accountable to be more careful stewards that watchdog their organizations to prevent them from slipping into critical condition. The cycle of heroic leaders parachuting in to "turn around" nonprofits where boards were not paying enough attention needs to be fixed – and it can only be fixed with careful stewardship and bold leadership.

If boards spent more time focused on sustainability – developing a shared vision for the organization's mission, along with strategies to implement that vision, achieving operational excellence, and finding the resources to support the work – than on worrying about the next fundraiser, organizations will be better positioned to succeed. By emphasizing fundraising no matter the state of the organization's overall health and strategic relevance – boards and leaders put the cart before the horse.

In order to shift the vision for governance, leaders and boards need to develop generative and transformative partnerships. On the whole, New England board members responded that they feel they are in partnership with the leaders of their organizations. But the gap between leader and board responses on core issues in the survey suggests that the partnership still needs work. In particular, founding boards of newer organizations need to mature into allowing paid staff to do their work and to share in visioning and strategy. Conversely, boards of organizations with long-term, trusted leaders should not abdicate their role of stewardship and blindly "follow" paid staff. Governance is a delicate balance and no one size fits all. In special circumstances, there are times when boards have to lead on their own, and times when they have to follow, but these should be the exception. All boards should be seeking a balanced and intentionally designed partnership with executive leadership.

Conducting annual performance reviews can help build trust and understanding between the board and leader, but it is not enough. Reviews have to be effective and meaningful. Partnering with the leader through an honest, two-way conversation about the review process and the need for more consistent quality feedback is important. Not only will good communication help retain a good but stressed leader longer, but it also allows a board to identify issues to be resolved more quickly and build trust – this trust will support the board and leader to have sound, practical conversations regarding the leader's eventual transition. Equally important is for boards to engage in their own assessment process on a regular basis and use the information to improve their work.

Leaders, boards, funders, and capacity builders all need to work together to help boards govern well. Governance models continue to evolve, and boards need to embrace adaptive strategies for different situations and contexts. The sector needs to reconsider governance and its primary role in ensuring the mission of the organization and structure the board as much as it needs to in order to do its job and operate with excellence at any point in an organization's life cycle.

“Management strategies, communication strategies, and facilitation of conflict-resolution strategies would be a wonderful support of leadership development.”

“Make sure funding is available to study board-staff relationships as needed.”

“You don't always have to know what you're doing; you just have to be willing to learn how to do it.”

Recommendations:

- ① Address organizational sustainability by examining relevance, increasing the ability to use financial and other data to plan and make strategic decisions regarding program strategies and cost centers, and focused, strategic fund development activities.
- ② Provide opportunities for board members and leaders to engage in learning about the shifting role of governance in the 21st century as siloed boards become more open and fluid in overseeing organizations that will increasingly work in collaborations, networks and shared spaces.
- ③ Offer frameworks, tools and opportunities for board members and leaders to develop generative and transformative partnerships.
- ④ Engage board members in learning to apply a leadership approach to their governance role, as framed in the insightful and practical *Governance as Leadership: Reframing the Work of Nonprofit Boards*³.
- ⑤ Develop more conversation and case studies on leadership subjects ranging from: founding or start-up challenges and joys; leading change during times of growth and scaling; re-awakening the “tired” organization; how to do a turn-around and not burn out; or when and how to successfully approach strategic alliances or allow the organization to close.

Leadership New England Fundors & Supporters

Major Funding Partners

Barr Foundation
The Community Foundation for Greater New Haven
Hartford Foundation for Public Giving
The Initiative for Nonprofit Excellence at the Rhode Island Foundation
The Boston Foundation
United Way of Massachusetts Bay and Merrimack Valley

Funding Partners

Connecticut Community Foundation
The Community Foundation of Northwest Connecticut
Maine Community Foundation
New Hampshire Charitable Foundation
The Vermont Community Foundation

Additional Funding Partners

Connecticut Health Foundation
Essex County Community Foundation
Greater Worcester Community Foundation
United Way of Central Massachusetts

Outreach Partners

Associated Grant Makers	Massachusetts Nonprofit Network
Common Good Vermont	New Hampshire Center for Nonprofits
Community Foundation of Western Massachusetts	New Hampshire Community Development Finance Authority
Connecticut Association of Nonprofits	Regional Housing Network of Massachusetts
Cultural Alliance of Fairfield County	The Cape Cod Foundation
Fairfield County Community Foundation	The Hyams Foundation
Greater Lowell Community Foundation	The Lenny Zakim Fund
Hartford & Connecticut Statewide LISC	United Way of Pioneer Valley
Henry P. Kendall Foundation	VSA Massachusetts
Human Service Forum	William Caspar Graustein Memorial Fund
Maine Association of Nonprofits	Women's Fund of Western Massachusetts
Marlboro College	YMCAs of Connecticut
Massachusetts Alliance for Economic Development	YMCAs of Maine
Massachusetts Immigrant & Refugee Advocacy Coalition	YMCAs of Massachusetts
	YMCAs of Rhode Island
	YMCAs of Vermont and New Hampshire



Endnotes

1. *GuideStar Nonprofit Compensation Report* (2014), www.guidestar.org.
2. Census data and quotes cited by *Hartford Courant* in “Connecticut’s Population Dips as Residents Move Out,” by Stephen Busemeyer, January 22, 2015. www.courant.com.
3. *Governance as Leadership: Reframing the Work of Nonprofit Boards*, by Richard P. Chait, William P. Ryan, and Barbara E. Taylor. BoardSource (2005). John E. Wiley & Sons, Hoboken, N.J.

IN THEIR WORDS: Advice to the Next Generation of Leaders

Be prepared to be “all-in” in your chosen field. In such a competitive field, with the economic conditions existing today, you will need to be committed, efficient and resilient if you are to succeed. **The organization you build is not yours. If you do your job well, the organization won't even blink when you leave, it will keep on running just fine.** Never take a break from board development and trainings. **Be respectful, develop people skills, give staff credit for the work of the organization, honor diversity, and make every effort to avail oneself and staff of professional development opportunities.** Look for challenges to take on, that is where you learn. However, don't lose sight of the day-to-day as that is where the relationships and respect are built. **Get support, talk to people, find a mentor.** Learn as much as possible about financial management and development. **Expect a long learning curve! Ask peers for advice!** We all need to rethink the model. It isn't working. **Get into an executive leadership development program, get yourself a personal coach, demand constant feedback from your peers and superiors and shadow a leader you admire.** Keep the fire and do strive for work-life balance to keep the creative juices flowing. **Fundraise like crazy, it's what it's all about, the ability to pay for things and keep things running.** Know your field from the bottom up. Get in and do the work before assuming any leadership. **Keep learning! Scan the horizon. Being good today, does not ensure you will be good/relevant tomorrow. Learn from others' experience, but take risks.** Use an executive coach and develop a peer support network. **Financial stability makes mission possible.** Try to minimize anxiety and maximize inspiration. **Stay authentic to yourself and your personal mission and find situations that provide “right livelihood” in order to fulfill your mission; your energy and intelligence is needed.** Hold on to your passion for what you do. **If you are passionate about your mission, all is possible.** Be relentlessly driven in accomplishing mission. It's worth the effort. Network, Network, Network. Balance, Balance, Balance. Breathe, keep faith. It's worth it.



For more information on the **Leadership New England** report or to access our interactive website of leadership data, go to: **www.tsne.org**

Third Sector New England

89 South Street, Suite 700
Boston, Mass. 02111



THIRD SECTOR®
New England