



# Turning Point: Creating sustainable nonprofit leadership

## Leading Now... and into the Future

**Across the province, thousands of nonprofit organizations serve our communities and enhance the quality of life for all Albertans. Within these organizations, leaders at every level provide their expertise, skill, vision and passion.**

Labour market pressures and an aging workforce have created an environment where nonprofit organizations must prepare themselves for transitions in executive leadership in order to continue their vital role.

**Turning Point:** *The State and Future of Executive Leadership in Alberta's Nonprofit Sector*, a recent study conducted by the Calgary Chamber of Voluntary Organizations (CCVO) and funded by the Government of Alberta and the Alberta Real Estate Foundation, highlights the key factors affecting nonprofits.

It summarizes the most critical steps that must be taken to address leadership in order to ensure effectiveness, resiliency and sustainability—creating quality service for all Albertans. This multi-stage research project included a literature review and surveys of hundreds of existing and emerging leaders in Alberta's nonprofit sector.

The following is a short summary of key findings from the full report with an emphasis on proposed solutions to address the executive leadership challenge in the sector. As a sector, we are at a decision point: do we continue to address this serious predicament in an uncoordinated fashion, or decide to develop a systematic solution? **The turning point is now.**

**Access the full report:** [www.calgarycvo.org/turningpoint](http://www.calgarycvo.org/turningpoint)

*In order to ensure quality service for all Albertans, it is critical for agencies, boards, funders and other stakeholders to understand and take action regarding the current state of leadership in the nonprofit sector. A systematic response is required to develop and support the leaders that our clients and communities deserve.*

## The State of Leadership

There are more than 24,000 nonprofit organizations in Alberta. They provide health and social services, organize recreational and leisure opportunities, deliver arts programming, strengthen our workforce, and steward our natural environment.

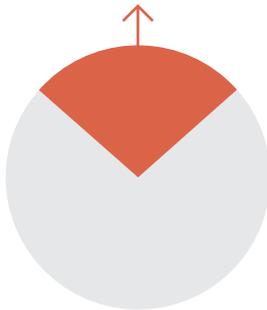
Nonprofit organizations play a critical role in our society often addressing gaps in government services or supports. They form an essential infrastructure that underpins and enhances our communities and supports the lives of our citizens.

Workforce challenges have for many years been a defining characteristic of the sector. These challenges include wage pressures, underinvestment in human resources systems and competition for our best and brightest from other sectors.

As the following statistics show, executive leadership transition is now at a critical point in the nonprofit sector. We are at a turning point and must now make a choice: do we take proactive action to develop a systematic and collaborative solution... or do we let the situation deteriorate?

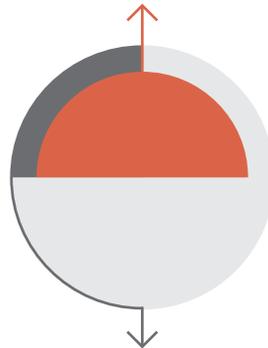
There is no need to experience a leadership crisis in this sector. We have some of the best and brightest in our ranks. We have a decision to make: do we take proactive steps to retain current leaders and to develop and attract emerging leaders, or do we continue to risk the sector's viability and sustainability through a lack of coordinated action?

27% of respondents' organizations have experienced turnover at the executive leader position during the past two years



(2013 CCVO Alberta Nonprofit Survey)

50% of current executives plan to leave their current position within the short to medium term



50% of those plan to leave within the next two years  
(2012 CCVO Executive Leaders Survey)

*The upcoming retirement of senior executives is one of the most pressing areas of concern.*

With this level of attrition, organizations would need to, on average, replace their leader every eight years. However, few organizations experience this 'average'. Many have long-standing leaders who are close to retirement, while many other organizations will experience leadership transitions every two-to-three years. Most organizations do not have the resources and system in place to proactively manage these transitions. And now, with current labour market demographics, the pool of potential leaders is shrinking while the rate of transition is increasing.

*"The number of people willing and available to work in Canada will be smaller than the number of jobs."*

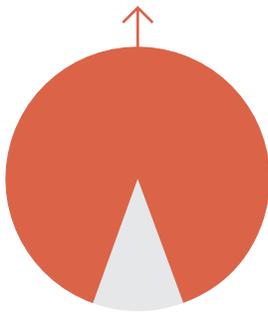
— McNiven & Foster, 2009

## Why Lead? Aspirations & Competencies

Executives and emerging leaders in the nonprofit sector are highly motivated with a strong desire to serve and positively impact the community. But the sector and organizations they work in are lacking fundamental systems to support their work and create an environment that attracts the next generation of leaders.

The role of the nonprofit executive is multifaceted, with a heavy emphasis on fundraising and human resource management. Managing the organization's finances and securing the funding required to sustain a workforce are two of the key areas of concern for executive leaders.

89% of executives find their work meaningful



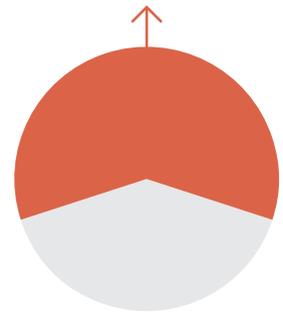
(2012 CCVO Executive Leaders Survey)

71% of those aspiring for a senior executive role possess a university degree



26% possess a graduate degree  
(2012 CCVO Emerging Leaders Survey)

60% of emerging leaders aged 31-40 aspire to an executive-level position



This aspiration declines after age 50  
(2012 CCVO Emerging Leaders Survey)

Caution must be used when interpreting results due to a small sample size

*As length of tenure in an organization increased, so did the frequency of leaders citing funding and human resource issues, and the need for continued and enhanced training in these areas.*

# Sector Challenges

The complex nature of addressing sector-wide issues takes its toll. Balancing the challenges of leading in an environment with fluctuating funding while managing the expectations of boards, funders, staff, volunteers and clients—creates a situation where leaders feel a high level of stress and isolation.

Seven key challenges were identified by both current and emerging leaders in the studies cited in the research. These challenges appeared across the spectrum of organizations regardless of size, although larger organizations at times indicated some proactive activity to address one or more challenge.

1

**Professional Development:** Executive leaders often lack the funding required for professional development opportunities—training specifically oriented to the sector. A need for enhanced financial management skills is the specific area cited most by both emerging and current executive leaders.

**Lack of sector-specific training creates a sense of unpreparedness, anxiety and burnout.**

2

**Informed Board Engagement:** Many leaders indicate their boards are underperforming.

**Only 33% of executives were very confident that their boards will hire the right successor.**

— Cornelius, Moyers, & Bell, 2011

3

**Succession Planning:** Given the high frequency of leadership turnover in the nonprofit sector, organizations are not well-prepared for the anticipated transition in leadership.

**Only 17% of organizations had a documented succession plan; the remaining 83% were reluctant to plan for succession.**

— Cornelius, Moyers, & Bell, 2011

4

**Attracting the Next Generation:** Many organizations operate hierarchal structures and traditional working styles, which are less attractive to the next generation of leaders who are looking for the opportunity to influence decision-making.

**Only 1 in 5 emerging leaders describe the current state of nonprofit leadership positively.**

5

**Work-Life Balance:** Current executive leaders cite work-life balance as one of the main challenges with their roles, and potential emerging leaders were particularly concerned about this issue.

**More than 50% of undecided potential leaders cite work-life balance as an issue.**

6

**Stable funding:** Financial sustainability is an area of particular concern, with current leaders indicating that the struggle to maintain stable funding consumes a disproportionate amount of senior executive time.

**Over 45% of current executives cited funding as the greatest issue negatively affecting satisfaction with their position.**

7

**Cultivating through Mentorship:** A sense of isolation and a lack of mentoring opportunities are cited by emerging leaders who are seeking opportunities for peer support and social learning.

**Emerging leaders indicate that only 30% of organizations provide structured mentorship or coaching opportunities.**

# Leading Transition to Succeed

The research indicates that a high priority must be placed on addressing the needs of current executives, attracting new leaders to the sector and cultivating emerging leaders in order to support leadership transition in the nonprofit sector.

A systematic approach to leadership development in the sector, with coordinated, expanded and diverse capacity building opportunities, will better prepare future executive leaders and provide a framework to support organizations through leadership team transitions. A well-led organization is an organization that is able to reduce its risks, provide quality service to the communities and enhance sustainability.

There is however, no existing organization, program or structure that has the capacity or mandate to coordinate a systematic approach to leadership development.

Now is the time for the sector, funders, boards, executives and emerging leaders to initiate the change required to address these critical issues in a systematic and collaborative manner.

The research summarized in **Turning Point** supports a three-pillar coordinated model—Individual, Organizational, and Sector Development—creating a Systematic Framework to Lead.

## The Turning Point is Now

Within the sector, some organizations have encountered and are practicing shared leadership models and structured mentorship programs. Several organizations can be held up as examples for others.

A systematic approach is needed. Coordinating and expanding current leadership development efforts is possible. It is within the scope of the sector to offer an interconnected and multidisciplinary approach to address individual, organizational and sector-wide aspects of the leadership challenge. We have the capacity to improve the manner in which we identify, coordinate, develop, support and transition the sector's leadership.

## Action is Required at Three Levels

### Individually: Intention

Organizations, boards, funders, current executives and emerging leaders... we all need to commit to addressing the nonprofit sector leadership challenge. Make it a priority, personally.

### Organizationally: Vision

Define a leadership vision for your organization. One that proactively addresses the transitions your organization will face. Consider and implement the best steps to meet this challenge. Connect with your peers. Cultivate and transition emerging leaders.

### Sectorally: Collaboration

Reach beyond the individual and the organization. Hold a vision for the sector as a whole. Share resources, tools and ideas. Co-develop emerging leaders. Share the best practices of high-capacity organizations. Speak together to influence change.

**The wave of change is upon us. The question now: how will we respond?**

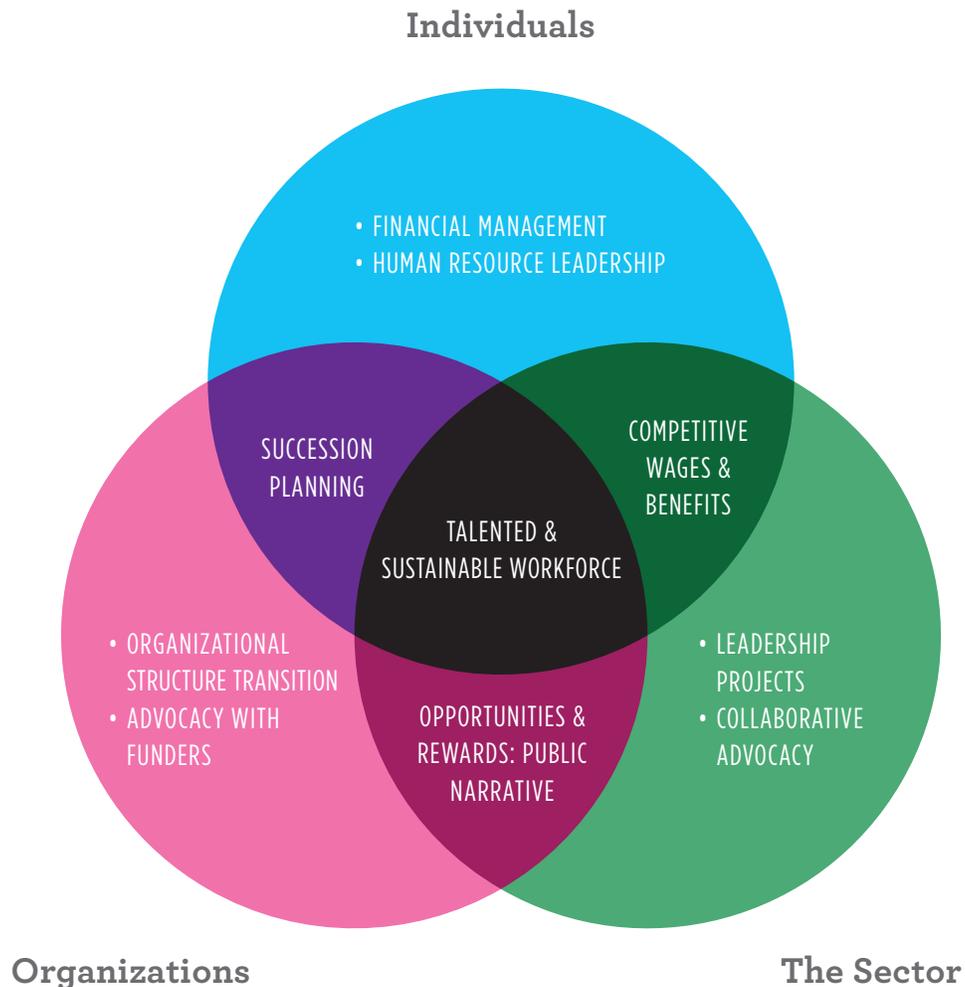
# The Systematic Framework to Lead

The framework proposed addresses the seven critical areas lacking within the sector at the individual, organizational and sector level.

**For individuals**, the sector can coordinate current training and development options, develop programming to address gaps, and create opportunities that reduce financial barriers to access new or existing programs. This training should be specific including: financial management for executive directors, human resource leadership, and succession planning. There is a need to coordinate direct and specific mentoring and community of practice opportunities for emerging leaders, building upon the willingness and experience of leaders currently in the sunset of their careers.

**At an organizational level**, hands-on skill-development is required to educate executive leadership and board members regarding: succession planning, organizational structure transition and advocacy with funders for competitive wage and benefits. Funding to support planning and implementation of organizational structural transitions is needed.

**And in the sector**, there are excellent leadership projects underway across Canada, many of which are identified and inventoried in the **Turning Point** report. With a coordinated approach these activities could create a network of promising practices and resources for all agencies, provide an environment for collaborative advocacy and influence the public narrative about the opportunities and rewards of a leadership career in the nonprofit sector.



## Want to Know More?

In addition to the primary research cited, the **Turning Point** report summarized for this document resourced numerous other studies to support its conclusions as listed below. In addition, the **Turning Point** report identifies leadership initiatives across Canada and can be accessed at [www.calgarycvo.org/turningpoint](http://www.calgarycvo.org/turningpoint).

Other important links and referenced material:

*Daring to Lead 2011: A National Survey of Nonprofit Executive Leadership* <http://goo.gl/7PaeOn>

*Calgary Centre for Non-Profit Management: Addressing the Leadership Challenge* <http://goo.gl/oEfygw>

*HR Council for the Nonprofit Sector: The State of Leadership Development* <http://goo.gl/oknat2>

*Imagine Canada: Leadership Perspectives* <http://goo.gl/kadZ6m>

*United Way Toronto: Leadership Solutions* <http://goo.gl/WsxV4m>

*The Annie E. Casey Foundation: Building Leaderful Organizations: Succession Planning for Nonprofits* <http://goo.gl/Vc2W7V>

*The Annie E. Casey Foundation: Next Shift: Beyond the Nonprofit Leadership Crisis* <http://goo.gl/U5lwtX>

*The Bridgespan Group: The Nonprofit Sector's Leadership Deficit* <http://goo.gl/rJgAMM>

*Odgers Berndtson: Successful Leaders in the Non Profit Sector* <http://goo.gl/JXF6j8>

*The Philanthropist: Exploring the Looming Deficit in the Voluntary and Nonprofit Sector* <http://goo.gl/9a1fOf>

*NYU Wagner: Recruiting and Retaining the Next Generation of Nonprofit Sector Leadership* <http://goo.gl/SDpHnv>

*The Nonprofit Sector and the Will to Change* <http://goo.gl/EI1IYT>

*Executive Transitions: Nonprofit and Grantmaker Opportunities* <http://goo.gl/USr82S>

*YNPN Stepping Up or Stepping Out: A Report on the Readiness of Next Generation Nonprofit Leaders* <http://goo.gl/UObPRR>

*University of Pennsylvania: The Nonprofit Sector: Examining the Paths and Pathways to Leadership Development* <http://goo.gl/MVqTCZ>

*GEO: The Departing: Exiting Nonprofit Leaders as Resources for Social Change* <http://goo.gl/pnRPg6>

*Forefront: The Nonprofit Sector's Looming HR Crisis* <http://goo.gl/o5v3tN>



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Calgary Chamber of  
Voluntary Organizations

[www.calgarycvo.org](http://www.calgarycvo.org)

**Government  
of Alberta** ■

