
Executive Leadership Transitions: A Funder's Perspective

San Diego Funders Forum
August 29, 2007

Donna Stark
The Annie E. Casey Foundation
dstark@aecf.org

What the data is telling us...

A high percentage of executives are preparing to leave the field between 2006 and 2010

- 2001
 - AECF Community-based grantees
 - **62% of executives plan to leave in the next 5 years**
 - CompassPoint
 - **76% of executives plan to leave in the next 5 years**
 - 2002
 - Maryland Nonprofits
 - **78% of executives plan to leave in the next 5 years**
 - Community Foundations
 - **55% of executives plan to leave in the next 5 years**
 - 46.3% of government workers are 45 years of age or older compared to 31.2% in private sector. (Nelson A. Rockefeller Institute of Government 2002)
 - 2003
 - United Way of New York City
 - **45% of executives plan to leave in the next 5 years**
 - Southern New England
 - **70.8 % of executives plan to leave within five years**
-

Data

2004

- AECF National Partners
 - 63% of executives plan to leave in the next 5 years
- AECF Grantees
 - 69% of executives plan to leave in the next 5 years

■ 2006

- CompassPoint National Survey of **75%** of nonprofit E.D.s report planning to leave in **next five** years (Daring to Lead, 2006)
- 60% of senior executives at the Department of Labor will be eligible for retirement by 2010. (GAO report cited in the WSJ 2006)

The fear...

- Based on growth of the nonprofit sector and anticipated retirement rates –
 - 640,000 new senior managers will be needed in next decade. (The Nonprofit Leadership Deficit; Tierny, 2006)
- Government cuts eliminated middle management, depleting the pipeline
 - 27% of gov't workers are under 35
 - 43% of private sector workers are under 35

Annie E. Casey Foundation

- Views leadership transitions as an opportunity to:
 - Accelerate results for children and families through nonprofits
 - Strengthen mission critical partners
- Our success is tied to grantees, their success and their leadership
- The nonprofit sector can benefit from the tools and practices emerging from this field building work

Next Generation Challenges

In nonprofits:

- Harder to live on nonprofit salaries (especially in some areas)
- Work/personal life divide
- Reluctance to be an E.D. because of demands of the job
- Need relevant ways to develop leadership for the field

The Opportunity

- Leadership transitions create an opportunity to strengthen the organization
 - Mission alignment between board and staff
 - Infrastructure and systems
 - Match of strategic direction with competencies in leadership
 - Illuminate the importance of succession planning

A Few Important Lessons

- Historically, foundations have a “wait and see” attitude when leadership transitions
- Nonprofits keep secrets about :
 - The transition
 - Their financial situation
- Post-hire support is needed 4-6 months after the transition
- The Board’s role and capacity can “make or break” a transition
- Founder and long-term ED transitions are very complex

Annie E. Casey Strategy:

- Leadership Transitions are an opportunity to build leadership and organizational capacity
 - Collect and publish data to drive program investments
 - Provide a model for managing the transition
 - Develop affordable, effective, comprehensive transition services
 - Work with partners to build the field through knowledge development and dissemination

What we do...and what you can do...

- Collect data to understand the situation
- Provide leadership transition services to our mission critical grantees
- Support management support organizations and consultants to develop and deliver the transition practice
- Offer subsidized “Next Steps” workshops for founders and long-term directors
- Encourage and support succession planning

What we can do...

- Inform the field through research and publications:
 - ❑ *The Power of Leadership Changes*
 - ❑ *Up Next - Generational Changes in Nonprofits*
 - ❑ *Succession Planning*
 - ❑ *Interim Executive Directors*
 - ❑ *Founder Transitions*
 - ❑ Website: www.aecf.org
 - ❑ CompassPoint
 - ❑ Transition Guides