

The Talented and Diverse Leadership We Need
Developing the Nonprofit Sector Workforce for the 21st Century
Draft Working Paper • June 8, 2005

EXECUTIVE SUMMARY

The nonprofit sector comprises more than 1.1 million registered organizations, employs more than 11 million people (and the equivalent of 5.7 million full-time volunteers), and generates annual revenues exceeding \$1 trillion dollars. Nonprofit organizations are essential tools for addressing community needs, advocating for community and social change, and engaging citizens in democratic problem solving. Yet as large and critical as the sector is, little infrastructure exists for recruiting, retaining, and developing the skilled, committed, and diverse workforce and leadership the sector needs to succeed in the decades ahead.

To sustain and build on the achievements made by nonprofit organizations in addressing the needs of our communities and civil society, we must invest in the development of the workforce and future leadership of the sector. A group of leaders from national nonprofit organizations, foundations, and academic centers who are united in their commitment to strengthening the sector's human resources convened in March 2005 to begin developing a research and advocacy agenda that involves reaching out to many more key stakeholders to establish a broad-based, powerful, and formal national coalition.

We anticipate that our coalition will seek a major investment of public and philanthropic resources to build the infrastructure necessary to recruit, retain, and develop the skilled, committed, and diverse workforce that this sector needs in the decades ahead. Some of the sector's workforce needs might be characterized as follows.

- The nonprofit sector is not effectively recruiting diverse and talented young people to begin careers in public life. We need effective pipelines into the nonprofit sector.
- The nonprofit sector lacks the capacity to effectively support its workforce. The nonprofit sector is not effectively developing diverse young employees to be the next generation of nonprofit sector leaders. We need leadership pipelines within the nonprofit sector.
- The nonprofit sector must balance the growing need for strong nonprofit management with courageous leadership. We must develop effectively prepared, passionate, and diverse leaders for the nonprofit sector.
- We need greater diversity represented at all levels of the nonprofit sector.
- New research must investigate the sector's most pressing workforce issues, and existing research needs to be more widely disseminated. We need better and more widely disseminated research on nonprofit sector workforce issues.

Possible strategies to address the workforce needs of the sector may include providing opportunities and incentives for talented and diverse young people to enter the sector; strengthening university pipelines and support for the nonprofit sector; expanding support for nonprofit human resource and leadership development and effective succession planning; holding organizations accountable for the diversity of all levels of staffing and board oversight; among many others.

The full draft white paper follows. We welcome feedback on these ideas. Please contact Paul Schmitz, Public Allies, 414-273-0533, x16, pauls@publicallies.org; or Shelly Cryer, Initiative for Nonprofit Sector Careers, American Humanics, 212-665-0588, scryer@erols.com.

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A. Overview

A coalition of organizations is forming to develop strategies to address the workforce development needs of the nonprofit sector. Paul Schmitz, President & CEO of Public Allies, and Shelly Cryer, Director of American Humanics' Initiative for Nonprofit Sector Careers, drafted this paper to begin the conversation about the major challenges facing the nonprofit sector workforce. Building on an opinion piece written by Pablo Eisenberg of Georgetown's Public Policy Institute, we brainstormed potential strategies to address these challenges. The draft was revised after a one day meeting with leaders from 15 organizations concerned with the nonprofit sector's workforce issues. This is a draft paper. It is offered as one step towards stimulating dialogue and helping to advance the work of a larger coalition. We actively welcome input.

B. Introduction

The nonprofit sector comprises more than 1.1 million registered organizations, employs more than 11 million people (and the equivalent of 5.7 million full-time volunteers), and generates annual revenues exceeding \$1 trillion dollars. Nonprofit organizations are essential tools for addressing community needs, advocating for community and social change, and engaging citizens in democratic problem solving. Nonprofits supply the infrastructure for civil society, and at their best, are the conscience of our society. The nonprofit sector is also a vital and growing part of our national economy. Yet as large and critical as the sector is, little infrastructure exists for recruiting, retaining, and developing the skilled, committed, and diverse workforce and leadership the sector needs to succeed in the decades ahead.

Despite research showing huge and growing challenges, there is little attention and no organized advocacy efforts to address the "pipeline" of workers coming into and developing within the sector, or the rising exodus of executive leadership out of the sector.

Nonprofit organizations repeatedly say that they struggle to recruit and retain the talent and diversity they need, and few have the infrastructure to adequately support and develop their staff. At a time when nonprofits are being stretched to do more with less in an increasingly competitive environment, recruiting and developing the next generation of nonprofit sector leadership is a "collective goods" issue that concerns us all. The entire sector is affected by the limited pools of talented, diverse, and prepared staff at all levels, and failure to invest in the nonprofit sector's workforce will diminish the vibrancy and effectiveness of the sector and civil society.

C. Call To Action: **Build a Coalition to Promote a Workforce and Leadership Development Agenda for the Nonprofit Sector**

To sustain and build on the achievements made by nonprofit organizations in addressing the needs of our communities and civil society, we must invest in the development of the workforce and future leadership of the sector. A group of leaders from national nonprofit organizations, foundations, and academic centers who are united in their commitment to strengthening the sector's human resources convened in March 2005 to begin developing a research and

advocacy agenda that involves reaching out to many more key stakeholders to establish a broad-based, powerful, and formal national coalition. Just as the Partnership for Public Service has brought new attention to government careers, we must do the same for the nonprofit sector. We anticipate that our coalition will seek a major investment of public and philanthropic resources to build the infrastructure necessary to recruit, retain, and develop the skilled, committed, and diverse workforce that this sector – and the millions of people who depend on it – need in the decades ahead.

D. Background: Segmenting the Nonprofit Sector

As we look at the nonprofit sector's workforce issues, we must recognize that the sector contains 1.1 million registered organizations ranging from small volunteer associations to large hospitals and universities. While houses of worship, cultural institutions, hospitals, and colleges may have related workforce development needs, we have focused on the workforce needs of human and community service organizations (youth development, community and economic development, public health, disaster relief, and others), public advocacy organizations (community organizing, advocacy, and public interest groups), and the foundations that fund these efforts. Even within this smaller segment of the market (social service organizations employ 18% of the sector's workforce), groups differ by size, geographic focus (urban, rural, regional, national), and other qualities.

The size of organizations does affect their workforce development needs. The biggest 6% of nonprofit organizations employ the majority of the workforce and receive 80% of the sector's revenue. Among the larger nonprofit organizations, there is often a significant human resources infrastructure to support and develop its workforce. Many of these organizations, however, struggle to recruit front-line workers and hire diverse staff in leadership positions. Some entrepreneurial organizations that are growing to larger scale have identified their primary human resource need as recruiting experienced managers, including those who have managed and grown significant private enterprises. At the other end of the spectrum are small organizations – 83% of nonprofits have budgets under \$1,000,000. These organizations have little capacity to hire, support, or develop staff effectively. They do not have sufficient human resource systems such as standard hiring procedures, comprehensive benefits, and performance management tools. Addressing the needs of both larger and smaller organizations is critical to building the nonprofit sector's workforce.

The number of nonprofit organizations has more than doubled in the last 15 years. Social entrepreneurship¹ has been on the rise as young people (with new ideas and no place in the existing infrastructure to implement them) have built new organizations with innovative strategies. The nonprofit sector, however, is facing huge challenges that may only grow in the years ahead. Increasing disparities, a weak economy, an ignorance of poverty, government devolution, and government dis-investment have teamed up to stretch nonprofits to do more with less. According to OMB Watch, the average weekly hours and wages of nonprofit employees have declined as nonprofits are struggling to meet the growing needs of the nation. Current federal budget, economic, and social trends make the need for effective nonprofit

¹ The Center for the Advancement of Social Entrepreneurship defines "social entrepreneurship" as "the process of recognizing and relentlessly pursuing opportunities to create social value. Social entrepreneurs are innovative, resourceful, and results oriented. They draw upon the best thinking in both the business and nonprofit worlds to develop strategies that maximize their social impact. These entrepreneurial leaders operate in all kinds of organizations: large and small; new and old; religious and secular; nonprofit, for-profit, and hybrid. These organizations comprise the 'social sector'." We are not limiting its use to those who are creating "social enterprises" to earn income for nonprofits or those who run private businesses with social missions.

services and advocacy even more crucial in the coming years. The sector faces common challenges in developing the diverse and talented workforce and leadership we need.

F. Identifying the Needs of the Nonprofit Sector's Workforce

Need 1: Effective Pipelines into the Nonprofit Sector

The nonprofit sector is not effectively recruiting diverse and talented young people to begin careers in public life.²

According to research by Paul Light of the Brookings Institution's Center for Public Service and the Initiative for Nonprofit Sector Careers, growing numbers of young people are inclined to consider public service careers, but don't know how to begin seeking such jobs. They believe the public sector offers job security and advancement opportunities and that the private sector has monetary rewards, advancement opportunities, and typically the resources and training to do one's work well. Both are aggressively recruiting diverse talent for their ranks. The nonprofit sector offers the kinds of jobs that young people want – challenging, interesting work with the chance to help people and learn new skills. For more young people, these job qualities are becoming more important than compensation. As Paul Light writes: "Young people are not saying show me the money as much as show me the job." For those concerned about income, the reality is that compensation in the nonprofit sector is not significantly lower for many positions than in the private sector, although misperceptions about nonprofit sector salaries certainly exist.

As the large millennial generation comes of age, more are expressing interest in public service. Increasing numbers of college students are coming in contact with the nonprofit sector through community service and advocacy activities through their schools. Those who participate in such activities are far more likely to consider careers in public service. In a recent survey, 62% of college seniors expressed interest in public service jobs with the majority preferring the nonprofit sector. Yet only 9% of these young people knew much about how to find a job in the nonprofit sector. This is not a huge surprise since their career advisors know little about the sector. Career service centers on campuses perceive students to be disinterested in the nonprofit sector because of low salaries, lack of career advancement, students' limited knowledge of the sector, and the lack of prestige – perceptions they may be projecting onto students. For those talented young people not connected to institutions of higher education, most do not see these opportunities either – any effective pipeline effort must reach them as well.

For their part, nonprofit organizations do not effectively recruit on college campuses, and they struggle to recruit diverse and talented staff from the community generally. While internships have been an effective tool to recruit staff, most are unpaid and this limits the diversity of young people who can accept such opportunities. Service-learning programs, AmeriCorps programs, and the growth of volunteerism among young people have exposed thousands more young people to the nonprofit sector. The sector, however, does not have the capacity to effectively train and support such young people. The increasing student loan debt burden, and the sector's reputation for low pay, meager benefits, and uncertain job security, have also continued to limit effective recruitment.

² Careers in public life include work in both the nonprofit and public sectors as well as those in the private sector that are serving public purposes and interests. For our purposes, we are focused on the nonprofit sector workforce as a critical element of public life. As research by Paul Light of the Brookings Institution's Center for Public Service and the newly created Partnership for Public Service has demonstrated, similar recruitment and development challenges exist in the public sector.

Need 2: Leadership Pipelines within the Nonprofit Sector

The nonprofit sector lacks the capacity to effectively support its workforce.

The nonprofit sector has very limited human resources capacity to support and develop staff, which leads to inefficiency (the lack of staff development and turnover have real costs) and ineffectiveness (poor performance is not properly managed). Only 12% of nonprofit organizations have a dedicated human resources professional and for 53% of nonprofit organizations, the executive director handles all human resource duties. Most nonprofits are small (83% have less than \$1 million in revenue), and are not able to effectively recruit, manage, develop, and retain talented staff. Only 10% of leaders of small organizations have received any human resources training. Recent research finds, however, that organizations of all sizes face workforce development challenges.

Recent research shows that nonprofits feel overwhelmed by the time and resources required to search for and hire new staff, and find the quality and diversity of applicants for junior level positions inadequate. One of three leave jobs in the first two years. Burnout is also a challenge – 70% of employees reported that they had too much work to do, 75% called their work frustrating, and most believed they do not have the support and tools they needed to do their jobs effectively. Paul Light found that salaries, stress, and burnout are the biggest challenges facing the sector. Failure to invest in and support the front-line workforce of the sector poses major challenges for future leadership at all levels of the sector.

The nonprofit sector is not effectively developing diverse young employees to be the next generation of nonprofit sector leaders.

Succession is a major issue facing the sector. The vast majority of organizations lack transition or succession plans, invest little in developing internal staff capacity to succeed the leader, and have significant turnover in their leadership positions over time. Twelve percent of nonprofits are conducting executive director searches at any given time. In New York, the United Way found that 46% of CEOs would turnover in a five year period. There is a paradox, however, facing the sector's executive leadership. On the one hand, as the baby boom reaches retirement age, many organizations will experience leadership transitions. On the other hand, the lack of retirement benefits or places to go has prevented many older leaders from stepping aside and creating room for new leaders to advance. In either case, 92% of nonprofit executives believe they do not have the managers in their organizations ready to succeed them.

With many nonprofit organizations structured with fairly flat hierarchies, advancement is limited – only 27% of nonprofit employees are satisfied that they have a chance for advancement. Since many important stakeholders, including funders, put such a premium on their relationship with nonprofit executive leadership, this is a critical issue for many organizations. In fact, the fundraising demands of the position at a time of increasing competition for limited resources prevent many talented mid-level managers from wanting the executive director position.

Many executive directors advance those who think as they do, rather than those with innovative ideas and approaches to the work. This has stunted the growth of many young leaders, but has also triggered the establishment of new organizations. Social entrepreneurship has advanced many young leaders in the sector who have worked against the odds to build new infrastructures to address community and social problems with often innovative fundraising strategies. Successful social entrepreneurship, however, seems to emerge more from business savvy graduates of elite schools rather than from innovative mid-level managers within the sector or among low-income communities of color.

The private sector spends billions developing its workforce and leadership. On top of the potential for higher salaries, effective management (both human resource systems and managers whose only job is to manage and support staff), and advancement opportunities, private corporations sponsor MBA programs, executive training, and many other staff development opportunities. The nonprofit sector budgets minimally for its own leadership development, leaving employees to pay their own way. Most nonprofit sector training opportunities are focused on narrow technical skills and practices rather than on developing leadership. The growth of nonprofit MBA programs and the professionalization of nonprofit management have been important for the sector but have also had consequences on the diversity and leadership focus of the sector (see below). It has also led to a growing trend of nonprofits searching for executive staff from the private sector who have had the training and experience to grow and manage organizations effectively.

Need 3: Leadership Development

The nonprofit sector must balance the growing need for strong nonprofit management with courageous leadership.

The trend in professionalizing nonprofit management has been much needed and will continue to improve the sector's organizational effectiveness. The growth of nonprofit academic centers and MBA programs, support for social entrepreneurship and enterprise, literature on nonprofit management concerns, and tools adapted from the private sector to improve performance have all had benefits for nonprofit organizations. As many of the retiring generation of nonprofit leaders came of age through their social activism, many of their successors are instead advancing through their business management and fundraising skills. This has resulted in several tradeoffs that need attention as we explore strategies to strengthen nonprofit management and leadership for the future.

First, it focuses nonprofit managers on their organization as the sole instrument of change rather than recognizing that social issues require collaborative and integrated approaches to address them. Solving any social problem requires the action of many organizations working together and requires advocacy as well as innovations in service. It requires approaches that connect the dots in people's lives – education, health, environment, and economic concerns are only fragmented in service delivery and organizing efforts, not in people's daily lives. The fragmentation of the sector by issue area, approach (service, advocacy, etc.), and geography may intensify with the increased focus of funders and organizations on organization-specific results. Nonprofit leaders have a responsibility to broaden their focus beyond the narrow and fragmented interests of their organizations.

Second, rather than balancing community leadership with management skills and strategies, recent trends tilt the emphasis toward organizational management results only. This means that strong advocates for communities and justice who seek to address systemic issues (and who tend to be more diverse) are not rewarded by funding markets as much as managers focused primarily on the success and growth of their organizations serving specific, fragmented needs. More organizations effectively define and measure their impacts, yet social challenges and economic disparities continue to grow. Leadership development is not about technical skill-building but about the development of ethics, values, courage, accountability, and a broader commitment to the common good beyond one's organizational interests. Effective leaders must be supported either with the management skills or staffing to do their work effectively, and effective managers must develop their leadership and become advocates for their communities.

Third, the decline in public resources and increased competition for private resources focuses nonprofit leaders more on fundraising, which limits advancement for many powerful advocates and visionaries who struggle with or simply don't want the immense fundraising responsibilities. Those with the most marketing savvy and connections to power are advancing rather than those who may lead their communities the best (including leaders of color and those from low-income backgrounds). The nonprofit sector runs the risk of further reinforcing the privilege and disparities of society within the sector, when the sector should be leading the way to more equity and empowerment. Increased competition for funds means that fewer nonprofit leaders have the courage to speak out on important social issues that affect their communities, especially when those who pay for the services have different interests than the constituencies they serve. This is a tragedy.

The sector will indeed benefit from improved management, innovation, and results-based services. But the sector also needs leaders who are passionate advocates for social justice, understand how larger social issues affect their constituencies, are committed to democracy and the engagement of citizens in change efforts, and value collaboration, inclusion, democratic action, ethical practices, and accountability to the communities they serve. Leadership is about influence and the values one uses to gain and use that influence. Those values must be at the heart of developing sector leaders or the sector will lose its conscience. In addition, the sector needs to ensure that its leadership pipeline is developing leaders reflective of the communities and constituencies they serve with such values. Balancing management and leadership in the development of the nonprofit workforce is critical to the future of our communities and civil society.

While ensuring the balance between management skills and leadership values, the nonprofit sector must also look beyond the paradigm of individual heroic leadership to more collaborative and collegial paradigms. Nonprofit boards and funders reinforce the emphasis on heroic leaders and rarely relate to the leadership teams of organizations. Nonprofit founders and charismatic CEOs become so tied to funders and supporters that it becomes difficult for them to transfer relationships to other staff and it is difficult for many to consider stepping down. Yet the research of Jim Collins in *Good to Great* finds that charisma is not closely tied to sustained success. The focus on the heroic leadership paradigm can limit internal team building, leadership development, succession planning, and ultimately organizational sustainability (what happens when a CEO wins the proverbial lottery and retires that Friday to Costa Rica?). Nonprofit leadership development must consider new paradigms of leadership and emphasize collaboration more.

Need 4: Diversity in the Nonprofit Sector

Throughout all of these challenges, diversity remains a paramount concern. Both the pipelines into and within the sector must explicitly promote the attraction, retention, and advancement of those who are under-represented in leadership, especially people of color. The focus on race and ethnicity does not deny that women, those with disabilities, or the lesbian-gay-bisexual and transgender communities face challenges in the sector. While women are over-represented in the workforce (women make up 73% of the workforce), many still face glass ceilings as do other groups. The continued lack of people of color in leadership positions at major community and national organizations, however, is especially appalling considering the constituencies served by most of these organizations and the diversity of nonprofit workers in entry level positions. Sadly, millions spent on diversity training initiatives have not resulted in our sector's leadership becoming more reflective of the communities and constituencies served – the rhetoric has not been matched by results.

Many potential pipelines, such as university programs, graduate programs, leadership programs, and national service programs are not very diverse themselves and so growing these without intentionally addressing diversity won't increase diversity. Despite many people of color in entry level and front-line positions with nonprofits, they are not climbing ladders to executive positions. Some who achieve mid-level management positions are concerned about taking leadership now at a time of increasing competition for limited resources. A "social entrepreneur" graduating from Harvard with a focus on social service has more credibility and access than someone coming from a low-income community of color (much less one with an American Humanics credential from a public university); and the funding market will support and advance the former. The lack of diversity and perceived elitism in philanthropy contributes to the lack of diversity in nonprofit sector leadership.

Efforts to build the next generation of nonprofit sector leadership must explicitly develop leaders of color and other diverse populations, must confront the power and privilege that exists in the sector, and must address the generational, cultural, and structural barriers that limit the support and advancement of diverse leadership. Such barriers must be identified and pro-active efforts made to explicitly address the development of a diverse nonprofit workforce and leadership.

Need 5: Better Research on Nonprofit Sector Workforce Issues

New research must investigate the sector's most pressing workforce issues, and existing research needs to be more widely disseminated.

In order to improve the infrastructure for recruiting and supporting nonprofit management, we need focused and rigorous research to educate nonprofit managers, board members, and funders, and to inform the advocacy agenda any coalition undertakes. Research must shed light on the competencies and experiences nonprofit organizations look for when recruiting staff and whether these are reflected in the training programs, internships, and other opportunities currently available to young people. We must explore questions about student debt, race, and the choices individuals make in pursuing nonprofit versus government versus private sector careers. As the lines blur among the sectors, we need to know more about the challenges and opportunities "sector switching" offers.

We need to learn more about why people leave the nonprofit sector and how we can boost our retention rates. We must investigate models of successful succession planning so that we can share best practices within the nonprofit sector community. We must also look at new models for organizational structures, cultures, and policies that effectively promote diversity and address barriers for advancement.

We must also call upon research that sheds more light on the scenarios facing the future of the sector in communities and nationally. The context in which nonprofits operate has shifted tremendously in the last ten years and will continue to shift. The trends in government devolution, government dis-investment, entitlement growth in the federal budget, political challenges, the aging of baby-boomers, the generational transfer of wealth, and other trends will be increasingly important to understand as we look at the development of the future leadership of the sector.

F. Promoting a Workforce Development Agenda for the Nonprofit Sector

As the baby boom generation nears retirement and the millennial generation comes of age, it is critical that we develop an effective infrastructure to develop nonprofit sector leadership. Changes in demographics, disparities, the role of government, and the economy are making the

need for a vibrant and effective nonprofit sector more important than ever. We believe that efforts to address these issues must be viewed as a system and that we must scale up effective efforts, create new initiatives, and connect them all together if we are to develop effective leadership for the challenging times ahead. Certain efforts must be collaborative efforts among national, regional, and community organizations. It is important that all efforts explicitly promote diversity as critical to the future effectiveness of the sector. Some changes require funding and infrastructure building and some require changes in culture that can be incentivized without resources.

Following are potential strategies brainstormed by leaders from 15 organizations concerned with nonprofit sector workforce issues that are presented to stimulate dialogue. We continue to seek and appreciate input from others to help us create a more robust, comprehensive, and achievable agenda.

Strategy 1: Provide opportunities and incentives for talented and diverse young people to enter the sector.

Expand national service as a pipeline to public service. AmeriCorps provides opportunities for young people to form relationships with and experience the work of nonprofit organizations. Growing AmeriCorps will necessarily encourage more young people to consider nonprofit sector careers. But an intentional effort is needed to educate AmeriCorps members about the nonprofit sector workforce and, more importantly, to support nonprofit sector apprenticeships. AmeriCorps has created a “professional corps” to support AmeriCorps members in teaching, nursing and other fields where government-financed stipends are unnecessary. A “pre-professional corps” could also be created to focus annually on recruiting, training, and supporting 5,000 young people – especially young people of color and perhaps those who have already served one year – who would participate in apprenticeship-like programs that will prepare them for nonprofit careers. Such a pre-professional corps will also support the organizations where the members serve, helping them build organizational capacity to support diverse young workers and volunteers. Public Allies, for example, has supported nonprofit apprenticeships and leadership training for more than 1,800 young adults, more than two-thirds of them people of color, and more than 80% have continued careers in the nonprofit and public sectors. The Department of Labor has also provided grants for youth worker apprenticeship programs across the country.

Create subsidies to support young people entering nonprofit advocacy organizations. While AmeriCorps is an ideal vehicle for recruiting young people to careers in social service organizations, the important advocacy organizations of the sector also need to develop their workforce. A private philanthropic effort could be created to support 1,000 young people per year for the first two years they work at such organizations. Subsidizing nonprofits for two years would enable many to give adequate compensation to young workers and support their work effectively. Such an effort could build on the success of nonprofit sector apprenticeship efforts such as Public Allies and the Youthworker apprenticeship program, and could build the capacity of organizations that are also vital to our communities and our democracy.

Create a GI Bill for young people committed to careers in public service. AmeriCorps provides those who have completed a year of service with \$4,725 to pay off past student loans or for future education. This amount has remained fixed for 10 years, and AmeriCorps is now pushing colleges and universities to offer matching scholarships for these awards. Many young people are saddled with massive student debt from undergraduate and graduate degrees that prevent them from pursuing nonprofit sector careers. To help these young people start and sustain careers with nonprofits, student loan forgiveness and tuition subsidies could be a

powerful incentive. Such loan forgiveness or tuition subsidies could be scheduled over a five year period to support sustained service.

Provide adequate compensation. While low salaries are not uncommon in the nonprofit sector, organizations can do more to show that their salaries are often comparable in many cases with salaries for the same type of work conducted by private and public sector employers. Organizations should of course pay living wages to all workers and provide adequate salary scales for all positions. They should also provide comprehensive benefits to all workers, including health and dental insurance, matching retirement accounts, paid family leave, and others. Regular reviews, clear systems for salary increases, and others basic human resource systems should also be adopted by all organizations. At the other end of the spectrum, nonprofits should not seek to replicate the inequities of the private sector with excessive executive compensation or benefits.

Strategy 2: Support diverse social entrepreneurs.

Support social entrepreneurship among young people. Groups such as Ashoka, Echoing Green, and the Center for Community Change have helped many young people begin innovative organizations that have brought new energy, ideas, and people to the sector. Supporting effective social entrepreneurship and ensuring that diverse young people have access to resources and support is critical for invigorating the sector with fresh talent and innovative solutions. We must support the development of new organizations and innovations for the health of our sector.

Create the equivalent of the Small Business Administration for nonprofits. Almost half a million organizations have been started in the last fifteen years, creating millions of jobs (albeit many with very limited capacity). Many successful programs have had challenges scaling in the current nonprofit financial market. And many innovative people of color do not have the same access to capital as social entrepreneurs from elite institutions.

Nonprofits create jobs, provide important community services, and perform an important role in our democracy. A resource is needed to support the infrastructure of the sector, especially the hundreds of thousands of small organizations. A minority enterprise division, like that of the Small Business Administration, can help small organizations and social entrepreneurs of color access capital across the country. Such an effort could stimulate tremendous innovation among diverse leaders across the country and help more organizations become sustainable.

Strategy 3: Strengthen university pipelines and support for the nonprofit sector.

Universities can be key resources for their communities and for civil society. Universities need to stand for something other than endowments. Their leaders should be role models for students and faculty with their own civic engagement. They should invest in their communities, convene leaders from different backgrounds, perspectives, and fields to address public problems, and create a culture of service and political engagement. Faculty should be given incentives for their community and political engagement. Specifically, colleges and universities can:

Expand service learning opportunities. Expanded service learning opportunities in business, journalism, public policy, and other fields can show the transferability of skills between private enterprise and nonprofit jobs. They also engage more young people in understanding the nonprofit sector and the various roles people play within it. But service learning does not

include enough advocacy. Colleges and universities need to embrace the growing movement of civic engagement efforts on campuses and support student activism as well as service.

Offer courses that promote and prepare young people for nonprofit careers. Universities can promote careers by offering degree programs that prepare people for nonprofit careers and helping link various fields of study with nonprofits. Such efforts should connect students to real world practitioners who can help students better understand the real work of the sector and begin building networks in the sector. American Humanics has worked with 78 colleges and universities to create nonprofit sector certificate programs and has linked its graduates with major nonprofit organizations. Expanding nonprofit programs at the undergraduate and graduate level will help more young people access skills and opportunities to enter the sector.

Promote nonprofit careers through career service centers. These and other key career “gatekeepers” need to be better educated about the nonprofit sector, and they need materials, information and connections to nonprofit employers. Programs educating and training these populations – such as those directed by Action Without Borders / Idealist.org – must be supported and expanded.

Strengthen nonprofit academic centers. Public policy programs, nonprofit management programs, and philanthropy programs need to be strengthened and expanded. Balancing the development of leadership – the values, purpose, and responsibility that one uses to gain and use influence – with the development of skills is critical for all programs purporting to develop nonprofit sector leadership. Such centers should rely more on noted nonprofit leaders – those who have created demonstrable change in their communities and society, not just those with technical expertise – to serve as adjunct faculty and mentors for students. Scholarships should be created for those already in the nonprofit sector and for those who have completed service with AmeriCorps and the Peace Corps. Such centers can convene leaders to work on public problems; connect service initiatives, activists, philanthropists, and researchers on campuses; and connect organizations with researchers and research that can assist their work.

Strategy 4: Strengthen support for nonprofit human resource and leadership development.

Funders should budget staff development as part of their grants. Government and private funders can ask nonprofits to build in costs for staff development into grant budgets. They can also support shared human resource services among organizations and set standards for annual investment as a cost-per-FTE or percentage of salaries and benefits.

Build the infrastructure of leadership development programs. Many leadership development programs have faced financial challenges in recent years as foundations create their own leadership programs and “leadership development” and “intermediary” work generally appears less urgent than addressing immediate needs. Leadership development should be part of every grantmaker’s agenda. If sustaining change is important, investing in leadership development – along with technical and management education – is critical for the sector. It should not be viewed as a luxury.

Support young professional networks and intergenerational networks. Young nonprofit professionals can gain tremendously from being in networks with others in their fields. Encouraging their involvement in such networks and their learning (and even job swapping or shadowing) from other organizations will benefit their careers and make them more valuable employees. At the same time, intergenerational dialogues are great opportunities for learning and mentorship (that crosses both ways). Older leaders have much experience to share and

young people have fresh perspectives and ideas to share. Creating opportunities for intergenerational network building and dialogues is an effective development tool. Include diverse young leaders on nonprofit organizations' board of directors.

Sponsor young leaders at national conferences. National conferences should encourage executives to bring a young staff member and create reduced fees or scholarships for young workers. Independent Sector, for example, used to have an Emerging Leaders program through which they encouraged executives to bring young staff, offered reduced fees and scholarships, networked the young people together through the conference through special sessions and matched them with volunteer mentors among leaders at the conference. Independent Sector should re-launch this effort and more national organizations and associations should do the same. Funders who support such networks should earmark funds for emerging leaders.

Provide more support for nonprofit support centers and academic centers. These centers are the primary providers of technical and management training for the nonprofit sector. Yet many entry level nonprofit sector employees do not have access to their trainings. Nonprofit organizations should be encouraged to utilize these existing resources for their staff development, and more scholarships should be available for young staff or participants in programs such as AmeriCorps.

Support the leadership development of executive directors. Whether social entrepreneurs or those who have advanced to nonprofit leadership positions, there is a need for leadership development efforts aside from skill-building efforts. Reflection, training, and peer learning can provide executive directors the opportunity to understand their leadership role and responsibilities beyond their management role and responsibilities. Efforts such as Eureka Communities and other groups connected to the Leadership Learning Community have supported executive directors in their continued development.

Nonprofit Boards must ensure effective staff leadership development. Beyond the leadership of the CEO, nonprofit boards should have a core responsibility for ensuring proper human resource policies, adequate compensation, and internal leadership development. Nonprofit boards should all have a succession plan in place for their CEOs.

Strategy 5: Promote effective succession planning for nonprofits.

All nonprofits should create succession plans. Nonprofit boards should create succession plans as one of their core responsibilities. Foundations should include succession plans in their criteria for the sustainability for organizations and projects, and support the capacity-building and training necessary for organizations to develop its internal leadership. Such plans help focus organizations on their internal staff development and help the organization see beyond its current leadership. Nonprofit boards should also assist successful long-term leaders in identifying their next steps and support their transition out of the organization.

Strategy 6: Develop philanthropic leadership.

Foundations should also develop leadership more effectively. Foundations can also develop their leadership by promoting promising program officers to executive positions, and recruiting the many skilled nonprofit leaders as board members and staff at foundations as a next step in their careers. Organizations that support and strengthen the next generation of grantmakers – such as Emerging Practitioners in Philanthropy (EPIP) – play an important role in fostering new leaders in the philanthropic community. Foundations can partner with their

nonprofit partners to develop leadership that is less elitist and more inclusive, collaborative, and collegial. Hiring staff and seeking board members who have been practitioners in the nonprofit sector could increase collegiality between philanthropic and nonprofit organizations.

Foundations can support workforce and leadership development with more than money, but money is important. Foundations can convene dialogues, establish expectations through guidelines, promote best practices and fund workforce and leadership development activities. Funding should not be overlooked. How many foundations would live with the capacity – furniture, equipment, systems, training, and ability to get one’s work done effectively – that most nonprofits have? Foundations should fund the infrastructure that allows nonprofits the capacity that no program officer would work without.

Strategy 7: Create a marketing campaign for the sector.

Create a marketing campaign and toolkits for working in the sector. Just as the Partnership for Public Service has created materials to educate young people, college career centers, and other career “gatekeepers” about careers in the public sector, we need to invest in similar efforts geared to nonprofits. Effective marketing can make a big difference. Teach for America has quadrupled its application pool from 4,000 to more than 17,000 applicants per year from college campuses. Building off of existing resources like Idealist.org’s efforts could steer many more young people to information and opportunities in the sector. A potential partnership with The Ad Council should be pursued.

Educate and advocate for the sector’s resources. While Independent Sector and others do educate the public about nonprofits, there is a need for such public education and advocacy to take on the urgency felt by many organizations based on current trends. The sector is taking on more services that used to be provided by government, while government funding is being cut back. Nonprofit sector coalitions working on various issues are fighting each other for their piece of the pie, while the overall pie is shrinking. A new effort is needed to expand the whole pie and make sure that the nonprofit sector is being resourced adequately – through public and private support – to address the needs of our communities and civil society.

Strategy 8: Create a mechanism to go beyond promoting diversity to holding organizations accountable for diversity.

Create a nonprofit diversity scorecard and watchdog group. Millions spent on diversity training have not greatly changed much in the executive offices of many nonprofits. A scorecard on practices that recruit, retain, and advance more diverse leadership can be created and organizations in effect graded on their performance. A NCRP-type watchdog group could be created that administers and publishes the scorecard results as Guidestar does with financial information. Such a scorecard would not be based on quotas, but on outcomes relative to the policies and practices an organization has in place.

Strategy 9: Explore alternative structures for nonprofit organizational leadership.

Some nonprofits have begun to explore more participatory, collegial leadership models rather than hierarchical, heroic leadership models. More should be done to recognize and promote effective practices that create more democratic organizations that develop collaborative leadership throughout and create enthusiastic and innovative environments for employees.

**Strategy 10: Bring together existing research on the nonprofit sector workforce.
Identify research gaps and fund rigorous research initiatives.**

Organizations should work together to develop research projects that address critical workforce issues and take advantage of existing data and samples. Research must identify the gaps in the sector and identify new strategies or practices for closing the gaps. Funders must reinvest in nonprofit sector research and its dissemination.

We welcome feedback on this draft paper. Please contact Paul Schmitz, Shelly Cryer, or any of the members of the network of organizations participating in this effort.

Paul Schmitz
President & CEO
Public Allies, Inc.
633 W. Wisconsin Ave., #610
Milwaukee, WI 53203
414-273-0533, x16
pauls@publicallies.org

Shelly Cryer
Dir., Initiative for NP Sector Careers
American Humanics
170 Claremont Ave., #15
New York, NY 10027
212-665-0588
scryer@erols.com

Those attending the March 17th meeting:

- Alliance for Equity in Higher Education [Arnold Kee]
- American Humanics [Shelly Cryer]
- Aspen Institute Nonprofit Research Fund [Rachel Mosher-Williams]
- Building Movement Project, Demos [Frances Kunreuther]
- Carnegie Corporation of New York [Cindy Gibson]
- Cornerstone for Kids Consulting Group, Inc. [Amy Baker]
- Emerging Practitioners in Philanthropy [Rusty Stahl]
- Eureka Communities [Delba Riddick, Steve Vetter]
- Georgetown University, Center for Public and Nonprofit Leadership [Pablo Eisenberg, Kathy Kretman]
- Idealist.Org / Action Without Borders [Charlotte Jones Voiklis]
- National Council of La Raza [Marco Davis]
- National Council of Nonprofit Associations, NCNA [Erica Greeley]
- National Human Services Assembly [Pam Garza]
- Public Allies [Paul Schmitz]
- University of the District of Columbia American Humanics program [Sylvia Benatti]

Those invited but unable to attend:

- Alliance for Equity in Higher Education [Jamie Merisotas]
- Annie E. Casey Foundation [Sherri Killens]
- Center for Community Change [Deepak Bhargava]
- Cornerstone Consulting Group, Inc. [Ira Cutler]
- Echoing Green [Cheryl Dorsey]
- Hands On Network [Toby Chalberg]
- Idealist.Org / Action Without Borders [Ami Dar, Russ Finkelstein]
- National Human Services Assembly [Irv Katz]
- Rockefeller Brothers Fund [Jessica Scanlan]