

## Crunch Predicted in Nonprofit Sector

Groups Are Not Nurturing and Retaining Tomorrow's Leaders, Study Says

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The nonprofit sector is facing what experts call an unprecedented crisis in leadership, with organizations in the Washington region and across the country struggling to recruit and retain talented staff.

Even as baby boomers retire, nonprofit groups stand to lose ambitious young employees who feel underpaid, overwhelmed by long hours and demanding responsibilities, and frustrated by a lack of career progression, according to a major study to be released today.

The sobering report, "[Ready to Lead? Next Generation Leaders Speak Out,](#)" could shake up the nonprofit sector, which has been successful at recruiting recent college graduates but not always at keeping them. Many leave for jobs at private companies and in the federal government that often offer better pay and more comfortable lifestyles.

The trend is exacerbated in the Washington region, which has more than 200,000 people working in nonprofit groups and is considered the national hub for the sector. Local leaders anticipate a leadership void could have a dramatic effect on groups that offer essential social services such as shelter, food and after-school activities. Jobs in those fields traditionally have the highest turnover, experts said.

People are drawn to work in the nonprofit sector because of the social change mission and the potential to make a positive impact on the community, and the survey finds that such workers remain deeply committed and inspired. But nonprofit organizations are not doing enough to retain them, said Patrick Corvington, a co-author of the report and a senior associate at the Annie E. Casey Foundation.

"Next-generation leaders are finding ways to get involved in social change and do good work," Corvington said. "But they're finding ways to do that outside of the sector."

The report, which uses data from a survey last fall of about 6,000 nonprofit employees, is the largest national study to date of emerging nonprofit leaders. It was conducted by the Casey Foundation, the Eugene and Agnes E. Meyer Foundation, CompassPoint Nonprofit Services and the online job site [Idealist.org](#).

The study found that 69 percent of respondents feel underpaid. About two-thirds reported they had financial concerns about committing to a career in the sector, and nearly half of that group said they would not make enough money to retire comfortably.

One in three respondents aspires to become the head of a nonprofit organization, but only 4 percent said they were being groomed for top leadership positions.

The study's authors recommend that nonprofit groups provide mentors and help employees meet leaders of similar organizations. They also suggest that nonprofit groups offer better salaries and benefits when possible and restructure organizations to give younger staff members more responsibility and create a more evident career track.

This could help lessen the frustrations felt by people working in the sector, said Russ Finkelstein, associate director at [Idealist.org](#).

"I think it's incumbent on organizations to go and treat people like they matter, show them that they care about them and treat them as leaders, and I think that's always been a challenge," Finkelstein said.

After graduating from [Wellesley College](#), Heather Peeler took a job at the [National Gallery of Art](#). Several stints at arts nonprofit groups later, and after getting a master's degree, she felt squeezed financially.

Peeler became a mid-level executive at an online textbook company, a job which paid her more. But her heart was in nonprofit organizations. "People want to have a more tangible societal impact," she said.

So Peeler hunted for a new job in the nonprofit sector. But she ended up taking an offer from the [Advisory Board Co.](#), a private health-care consulting firm.

"The salary that they offered me there was more than double the two offers I received from the well-known nonprofits," said Peeler, who lives in the District. "That enabled me and my husband to buy a house. It paid for our wedding. It would not have been possible if I had continued to work in the nonprofit sector."

Peeler, 38, is now back in the nonprofit sector, working as managing director for Community Wealth Ventures, which advises nonprofit groups on business models.

But many like her do not return, said Rick Moyers, a director at the Washington-based Meyer Foundation. The foundation was founded by a former publisher of [The Washington Post](#) but is not affiliated with the newspaper.

"They come in, they work really hard, they have a lot of responsibility, they learn a lot and are not paid very well, and in a few years they move on," Moyers said.

Chuck Bean, executive director of the Nonprofit Roundtable of Greater Washington, a consortium of nonprofit groups, said the report is "a call to action for all nonprofits in our region."

"I think the report validates a lot of what we've seen anecdotally amongst our members and nonprofit organizations in the region," he said.

Nonprofit organizations are a vibrant force in the Washington region's economy, contributing at least \$9.6 billion to the regional economy, according to a study released last year by the Nonprofit Roundtable.

The study, conducted with the [World Bank](#), found that many of the area's 7,614 nonprofit organizations help address key social problems, including homelessness, hunger, violence and illiteracy, in the early stages. Their work saves the government money down the road, the study said.

Rosetta Thurman works for the Nonprofit Roundtable, where she sets up mentorship programs for next-generation leaders.

"We've been chugging along thinking that we'll just keep attracting these young people out of college, but I don't think nonprofits realize how important it is to keep these young people once they get here," said Thurman, who writes a [blog](#) about working in the nonprofit sector.

If the sector continues struggling to retain talent, it could have a dramatic effect on social services in Washington and around the country, said [Paul C. Light](#), an expert on nonprofit groups and a professor at New York University's Wagner School of Public Service.

"It's really a significant problem and one that is just so important to the future of the sector," he said.

"Nonprofits are so focused on meeting their mission in the present tense that they don't think of succession

planning for executive directors, they don't think of recruitment for future employees. It's just not on the agenda because they're under such pressure to deliver, especially during economic downturns like this."

Now, Light said, "they're waking up to say, 'Where's the next generation of workers?' And they're saying, 'We just don't know.' "