

# WILL WE GET THERE HIRE BY HIRE?

REFLECTIONS ON EXECUTIVE LEADERSHIP  
AND TRANSITION DATA OVER 15 YEARS

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**CompassPoint**  
NONPROFIT SERVICES

## Over the course of 15 years, CompassPoint conducted four national studies of nonprofit executive leadership.

The first three reports were called *Daring to Lead* and were produced in 2001, 2006, and 2011.<sup>1</sup> And then in 2014-15, as part of a multi-faceted project to explore our role in the executive transition management (ETM) field, we did another national gathering of data specifically about executives and their most recent experiences of executive transition.<sup>2</sup> Each time, we have noted how little things are changing with respect to leadership demographics and dynamics, at least in the broad swath of community-based organizations that have been our primary research audience.

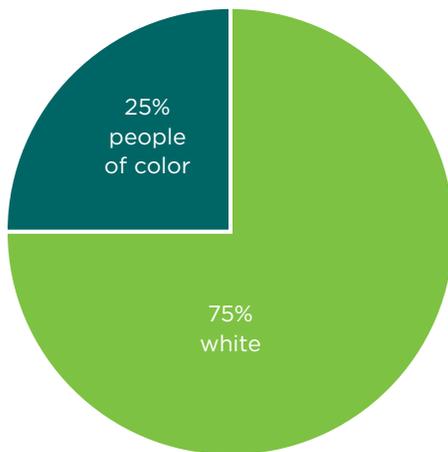
Over those same 15 years, the field of nonprofit leadership development, of which we are also a part, has grown extensively as evidenced by the breadth of leadership programs nationally, the emerging prevalence of methodologies like leadership coaching, and the growing investment by foundations. Taken together, this stagnant data and evolving leadership discourse raise concern about whether as a sector (and as the leadership practitioners serving it), we are moving quickly and intentionally enough toward alignment between our leadership aspirations for the sector and our leadership reality.

In a companion essay to this one, ETM thought leader Tom Adams lays out how the field of ETM has evolved over 20 years of practice and where he and other experts see it going next. (Please see *The Evolution of Executive Transition and Allied Practices: A Call for Service Integration*.) Adams argues that even as ETM practitioners have strengthened and integrated their approach to organizational consulting—by adding succession and financial sustainability planning, for instance—they nevertheless encounter some seemingly intractable systemic forces. “These challenges—the elephants in the room—include the lack of diversity among nonprofit executives and boards; the bias towards unrealistic leadership expectations; underperforming or challenged boards; and, the ongoing struggle to finance an overburdened sector.”<sup>3</sup>

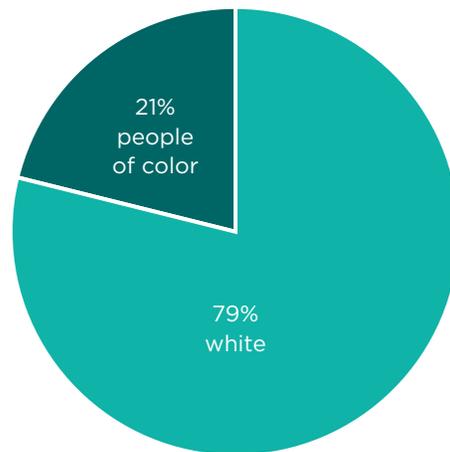
As we improve the way we work with or within individual organizations, we also need to consider how we can confront and finally overcome these systemic “elephants in the room.” While there are many levers for change, we look below at the disconnect between what’s happening in most organizations and what the leadership discourse has been for at least 10 years now with respect to the potential for leadership itself to change; that is, for fundamentally reconsidering who leads community organizations and how they lead them.

## 1. Who Leads?

### RACE & ETHNICITY OF EXECUTIVES

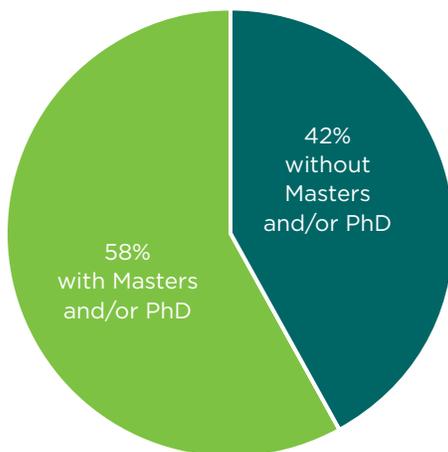


Daring to Lead 2001

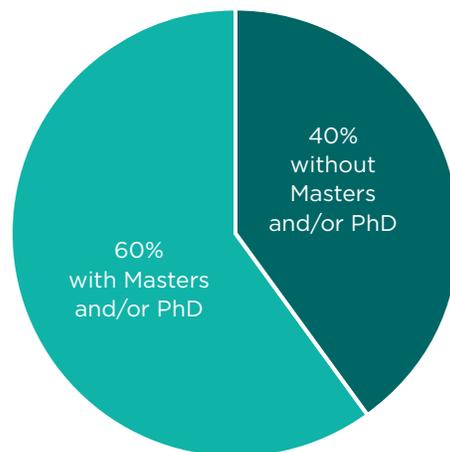


Executive Transition 2014

### GRADUATE EDUCATION OF EXECUTIVES



Daring to Lead 2001



Executive Transition 2014

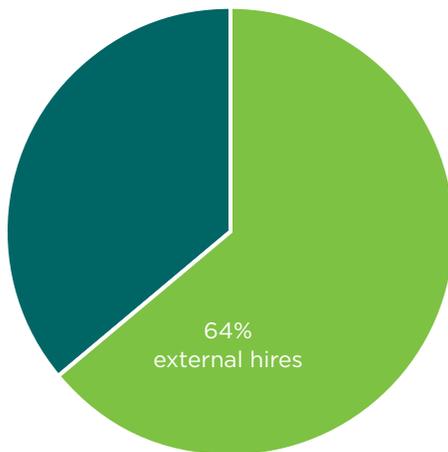
### THE CONTRADICTION WITH CURRENT DISCOURSE:

It has become exceedingly common for leaders, funders, and practitioners to posit that the people impacted directly by an issue should have leadership in defining and solving it. **Given the centrality of racism and white supremacy in all social issues, how then can we be satisfied with stagnant representation of people of color in nonprofit leadership over 15 years?** Hire by hire (and board recruit by board recruit), we are keeping the sector predominantly white—demographically, politically, and culturally. If we had really done the work to understand the catastrophic consequences of this from both an equity and organizational impact perspective, we wouldn't allow it to continue. But we haven't. We haven't confronted this elephant in the room: If few people of color want to lead your staff or serve on your board despite the fact that you work in and with communities of color, it is entirely likely that people of color don't see your organization as a place through which to make social change.

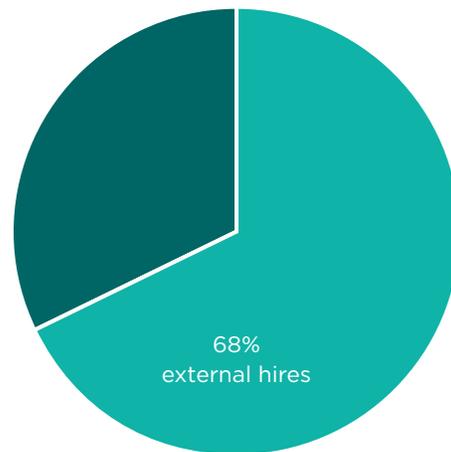
**With respect to graduate education, the contradiction may lie in our growing acknowledgement in the discourse that the professionalization of our sector has had significant, negative consequences.** Or perhaps more accurately, the extent of professionalization reflects the reality that most sector actors are not actually motivated by dismantling oppressive structures and systems. For many, these ideas are summed up in the notion of the “nonprofit industrial complex.” This is not to say categorically that graduate education is problematic (though some of it may very well be anathema to building equitable organizations and movements for change), but rather to ask ourselves if favoring it in our selection of executives—and thus encouraging the next generation of leaders to partake in it—is in fact accelerating the relevance and impact of the sector. And, more obviously, given its exorbitant cost and consumption of nights and weekends, who is the preference for graduate education screening out of executive roles?

## 2. Where Do Executives Come From?

### EXECUTIVES DEVELOPED INTERNALLY



Daring to Lead 2001



Executive Transition 2014

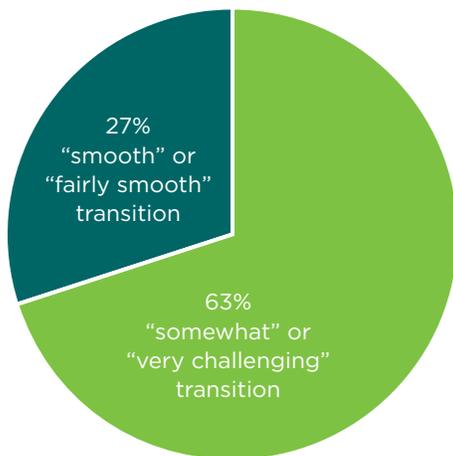
### THE CONTRADICTION WITH CURRENT DISCOURSE:

The leadership discourse is and has been for years overflowing with talk about preparing for baby boomer retirement, about next generation leadership, about shared leadership, and so on, and yet, only 1 in 3 organizations is capable of developing its own future executive? Or at least only 1 in 3 recognizes the leadership already on its bench? We don't know. **We don't know how many fully capable leaders are overlooked by outgoing executives and boards who are looking for the next "heroic leader" in the last one's mold only better.**

We often hear the argument that small organizations—thus, the bulk of nonprofits—can't develop executives because there aren't enough layers and places to move up through. This is arcane, hierarchical thinking that is not serving the sector in so many ways, not the least of which is in retaining millennials. In reality, a small organization offers more opportunity to loosen the grip of traditional job descriptions and allow people to grow together with equal access to the strategic and financial realities of the organization. How we lead in too many organizations—as though we are little 1950s companies—is actually thwarting internal leadership development. Moreover, not developing our own leaders is a contradiction in that so much of our work as nonprofits is in developing leadership in external milieu like communities and movements. For things to change, we have to take the espoused value of internal leadership development and operationalize it, including holding current executives accountable for the bench they nurture throughout their tenure and for the organizational structures and cultures they develop to engage everyone in leadership.

### 3. Why Aren't Organizations Better Prepared for Transition?

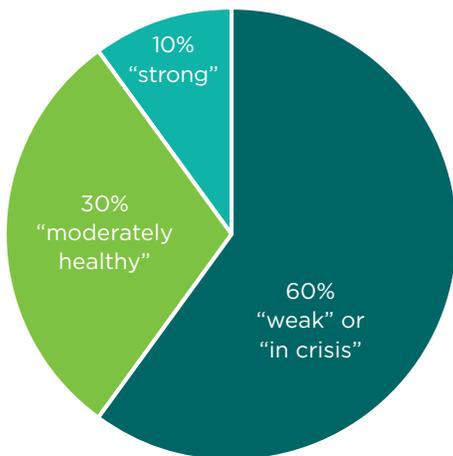
#### INCOMING EXECUTIVES' EXPERIENCE OF TRANSITION



27% describe their transition into the organization as "smooth" or "fairly smooth"

63% describe their transition into the organization as "somewhat" or "very challenging"

#### INHERITING SIGNIFICANT FINANCIAL CHALLENGES

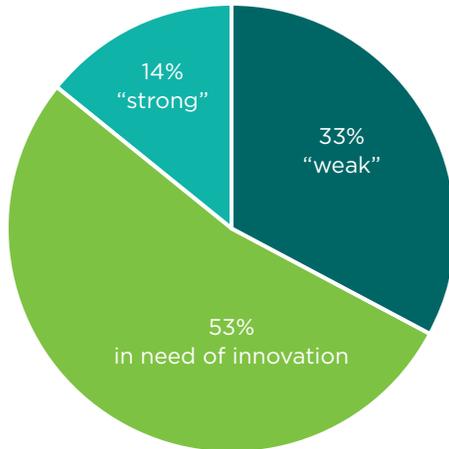


60% describe the financial state of the organization as "weak" or "in crisis" when they arrived

30% describe the financial state of the organization as "moderately healthy" when they arrived

10% describe the financial state of the organization as "strong" when they arrived

## INHERITING SIGNIFICANT PROGRAM CHALLENGES



33% describe the programming as “weak”

53% describe the programming as in need of innovation

14% describe the programming as “strong” when they arrived

## THE CONTRADICTION WITH CURRENT DISCOURSE:

The field of executive transition management (ETM) has been in the mainstream for 20 years now with numerous articles, books, and guides as well as hundreds of trained practitioners across the country. There is more than ample evidence that following its core tenets, even if outside consulting help is not available or affordable, increases the likelihood of a smooth executive transition. Retention of new executives and board and executive satisfaction are improved when these practices are followed.<sup>4</sup>

But, at a more fundamental level, these data demonstrate how far organizations get off course and how they then look to a new executive—typically from outside the organization—to try to “right the ship.” This pattern, we suspect, will only serve to reinforce current leadership demographics and dynamics. **If an organization actually needs a “hero” to save it, how likely is it make major pivots in its thinking about who leads and how?** And compounding this, how many potential leaders—especially first-time executives of color for whom the stakes are extremely high—will stay clear of the opportunity to lead given the inevitably protracted challenge of a “turn around,” if not the potential outright failure of one?

And finally, one has to wonder if so many organizations would in fact get this far off course if they were practicing and sharing leadership differently. The oft touted organizational agility—the capacity to make constant sense of what’s important and adjust programming, staffing, and financing accordingly—is fostered by distributed leadership wherein more people than a management team are doing the sense making. This too has been part of the leadership discourse for many years now. And yet, too few of us have actually deconstructed our top-down management to empower the diverse sense makers across our staff, board, and constituency. As such we are extremely vulnerable to the once visionary executive who couldn’t sense the shifting sands fast enough.

While CompassPoint’s four studies were similarly conducted but independent (not longitudinal), the data—taken in concert with a divergent leadership discourse and the urgency of the political moment—more than give us pause. Again, they make us worried that who leads and how is not changing fast enough to catalyze the relevance of many nonprofit organizations. **And further, that without sector-wide attention paid to the transition of leadership— both the process of leadership and the leaders themselves—we may look up years after this current wave of executive retirements and see that nothing has really changed in our sector.** That we are still a predominantly white, “charitable” sector doing hardly enough to disrupt the social and political status quo.

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1. The Daring to Lead reports were funded by the Agnes and Eugene Meyer Foundation, and Rick Moyers of the foundation served as a co-author. Find the reports at <http://daringtolead.org/>.
2. This data was collected from 885 executive directors nationally in partnership with the online magazine [Blue Avocado](#) and then Editor-in-Chief, Jan Masaoka.
3. Adams, Tom. The Evolution of Executive Transition and Allied Practices: A Call for Service Integration, 2017, p. 23.
4. Adams, Tom. The Evolution of Executive Transition and Allied Practices: A Call for Service Integration, 2017, p. 12.
5. Brian J. Robertson writes about the role of “sensor” in his book, *Holacracy: The New Management System for a Rapidly Changing World*, 2015, p. 4 - 7.