

eBook

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# Be a Nonprofit CEO: A Call to Action

The 3 things you need to know to be a  
successful nonprofit CEO



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# NONPROFITS MATTER

With the rise of social entrepreneurs and public benefit corporations, maybe you've been wondering about that. Wonder no more.

*“Nonprofits embody the best spirit and values of our nation. They help millions of individuals and families daily. They protect, feed, heal, shelter, educate, and nurture our bodies and spirits.*

*Nonprofits also give shape to our boldest dreams, highest ideals, and noblest causes. They turn our beliefs into action - as promoters of democracy, champions of the common good, incubators of innovation, laboratories of leadership, protectors of taxpayers, responders in times of trouble, stimulators of the economy, and weavers of community fabric.”*

—National Council of Nonprofits



The idea at the core of the nonprofit sector – that a group of people can come together and use their talents, energy, and expertise to create an organization to tackle a persistent problem or benefit their community – is as relevant as ever.

At the same time, nonprofits face a slew of unprecedented challenges:

- ▶ *Nonprofits Targeted for Federal Funding Cuts* <sup>1</sup>
- ▶ “Fidelity Charitable Gift Fund again claimed the top spot on the Philanthropy 400, The Chronicle’s annual ranking of charities that raise the most from individuals, foundations, and companies.” <sup>2</sup>
- ▶ By 2016, nonprofits will need almost 80,000 new senior managers each year <sup>3</sup>

So, if you are a mission-driven person, someone who wants their work to make a difference in the world, the question remains: **is the nonprofit sector the best place to make that difference?**

**This ebook answers that question with a resounding YES!**

Sure, there are challenges. But if you write off the nonprofit sector, you’ll miss out on a truly unprecedented opportunity. Never before have so many top jobs been available. If you’ve ever wanted to be in the position to make a real difference and have that position designed to fit your needs and interests – this is your moment.

Before we get into the details of this opportunity, let’s take a closer look at what’s really going on in the sector right now. Why are there so many senior positions available? And what could it mean for you and the difference you want to make in the world?

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1. The Nonprofit Times, February 21, 2017.

2. Chronicle of Philanthropy, November 1, 2017.

3. The Nonprofit Sector’s Leadership Deficit, 2005, The Bridgespan Group.

# WHAT'S GOING ON?

Several trends are converging to create this historic opportunity. First, the nonprofit sector is growing, and growing fast!

- ▶ “The nonprofit sector has grown by 20% over the last 10 years, in contrast to a growth rate of about 2-3% in the for-profit sector.”<sup>4</sup>

In fact, as of April 2016, there were over 1.5 million tax-exempt organizations in the U.S.!<sup>5</sup> Add to that growth, the increasing rate of baby boomers retiring. According to respondents in three major U.S. cities:<sup>6</sup>

- ▶ **20+%** of nonprofits cited turnover and retirement as a reason for hiring new staff in **2017**.
- ▶ **40+%** expect turnover and retirement to be a reason for hiring new staff in **2018!**

Taken together, that adds up to huge turnover in executive director and other senior positions. In the past 10 years, lots of research has quantified this phenomenon, which is often called the nonprofit sector’s leadership gap.<sup>7 8 9</sup>

One other important variable contributes to the leadership gap – the low percentage of younger nonprofit professionals who want these jobs. In fact, an increasing number of them plan to leave the sector entirely!

*In 2007, ~ ½ of young nonprofit professionals planned to stay in the nonprofit sector. By 2011, that had dropped to only ⅓ who reported being “100% committed to building a nonprofit career.”*

–Good in Theory, Problems in Practice, Young Nonprofit Professionals Network, 2011

4. 2015-2016 NonProfit Salaries & Staffing Report, PNP Staffing Group.

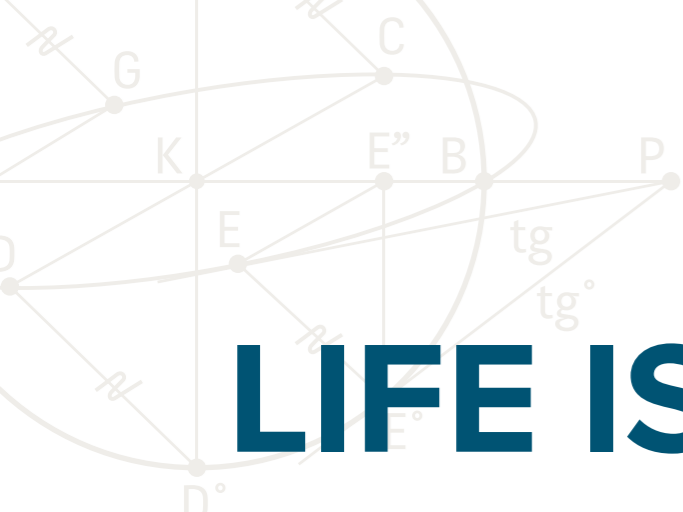
5. National Center for Charitable Statistics.

6. 2018 NonProfit Salaries & Staffing Report, PNP Staffing Group.

7. Daring to Lead 2011: A National Study of Nonprofit Executive Leadership, CompassPoint Nonprofit Services and the Meyer Foundation.

8. The Leadership Deficit, Stanford Social Innovation Review, Summer 2006.

9. The Nonprofit Sector's Leadership Deficit, 2005, The Bridgespan Group.



# LIFE IS TOO SHORT.

That's what you're thinking right now, isn't it? If you know nonprofits, then that last fact doesn't surprise you. Just think about the executive directors you know. Underpaid. Overworked. Stressed out. And fundraising. All. The. Time.

This creates a real dilemma for early and mid-career professionals in the nonprofit sector. Sure, you want your work to make a difference in the world and you know you can do more. But you don't want to sacrifice your financial security, your mental and physical wellness, or time with your family and friends for a job.

*“No matter how much ‘psychic income’ a nonprofit worker gets from doing work he or she loves, it doesn’t pay the rent.”*

—The Real Salary Scandal, Stanford Social Innovation Review, Winter 2004

Plus, let's be realistic. Running a nonprofit organization is a *big* job. Lots of moving parts. Staff, board members, clients, volunteers, *and* community members, all looking to you. Even if you did say yes to a senior position, who knows if you'll have the kind of support, knowledge, or skills you need to succeed?

**Guess what? You're absolutely right. The role of nonprofit executive director *as it is traditionally defined* just doesn't work anymore.**



# THE EXECUTIVE DIRECTOR IS DEAD. LONG LIVE THE NONPROFIT CEO. (NO, NOT LITERALLY.)

So, where's this once-in-a-lifetime opportunity we promised you? Remember, "...almost 80,000 new senior managers per year?" Think about that – **80,000** openings. Per year! *Plus*, an ever-expanding number of organizations. *Plus*, an increasing rate of retirements. *Plus*, decreased competition as your less-proactive peers look elsewhere for their next opportunity. What does that add up to?

Bottom line? You're in the driver's seat. Don't want to be overworked and underpaid? Then **redefine the role**. The opportunity is ripe, and they need you more than you need them. The only question for you is: are you ready to take advantage of it? **Are you ready to be a nonprofit CEO?**

## *Why CEO?*

*Yes, CEO is a term from the private sector. But it's not a misnomer. **Nonprofit organizations are corporations.** They are governed by bylaws and articles of incorporation. Their boards of directors are corporate governing bodies.*

*So, **why not CEO?** Not only is the chief executive of a nonprofit as important a position as CEO of a private business or foundation, the role and level of responsibility is the same. A nonprofit CEO is ultimately responsible for the organization's bottom line and the overall health of the organization and its people. And as a nonprofit CEO, your actions impact lives and change the world!*

# CALL TO ACTION: BE A NONPROFIT CEO.

What does it take to be a nonprofit CEO?  
Just three things.

1. Bring the right skills to the table.
2. Understand that nonprofit organizations are systems.
3. Redesign nonprofit executive leadership to work for the organization *and* for you.

To be fair, we didn't say they were three *small* things.  
But it's not as daunting as it seems.



# FIRST: BRING THE RIGHT SKILLS.

Running a nonprofit of any size is a job with a lot of responsibility, and those responsibilities fall into three categories: the work, the people, the resources. So, the right skills are the ones you need to fulfill those three kinds of responsibilities.

## The Work

A nonprofit CEO is responsible for the organization's work – that it is done efficiently and ethically and that it generates results towards mission. The most important skills a CEO can bring to overseeing the work are:

- ▶ Define the 2 or 3 things most crucial to success and stay laser-focused on them
- ▶ Know when and how to say no
- ▶ Be strategically discerning – take stock, consider options, learn, and make clear, informed decisions

*A nonprofit CEO who brings the right skills to the table is ready to make an impact!*

## The People

Staff, volunteers, board members, donors, community members, clients, and yourself. A nonprofit CEO is responsible to all the people around the organization in different ways. The most important skills a CEO bring to managing the people are:

- ▶ Know yourself, your strengths, and how to keep yourself engaged and energized
- ▶ Be curious and work to understand the needs and interests of others each and every day
- ▶ Take care of your people (for example, make time to manage and advise staff, deal with conflicts appropriately, etc.)

## The Resources

Lastly, a nonprofit CEO is responsible for ensuring that the organization has the resources it needs to succeed. The most important skills a CEO can bring to securing and managing the resources are:

- ▶ Pay attention to the 'business of the business' and run an efficient and effective operation
- ▶ Adhere to core values, ethical standards, and your own policies, procedures, and principles of good management and governance
- ▶ Align how you attract, allocate, and manage resources to your organization's mission, goals, and circumstances

# SECOND: UNDERSTAND THAT NONPROFITS ARE SYSTEMS

Does it still sound overwhelming?  
Don't worry. That's only because you  
**don't know the secret.**

There's one thing that you need to understand about how nonprofit organizations work that makes all the difference. It's the secret to succeeding as a nonprofit CEO (and not burning out along the way). The secret is to understand that your nonprofit is a system.

Do you remember learning about ecosystems in grade school? Tundra, rainforest, desert – all different ecosystems. You can't take an arctic fox and move it to Costa Rica and expect it to thrive. Nonprofits

follow that same principle. If you understand what your organizational 'ecosystem' is, everything gets easier. It's easier to know what you need, what fits, and what just won't work. There start to be a lot of right answers and as a nonprofit CEO, you become much more confident about how to proceed. And that's a good way to think about the ultimate responsibility of a nonprofit CEO: understand your organization as a system and make sure that the core components of that system (the work, the people, the resources) are aligned. That's because a system isn't just a collection of parts, it's also how those parts interact with one another. That's why our poor arctic fox didn't fare so well – she's out of alignment!

# THIRD: REDESIGN NONPROFIT EXECUTIVE LEADERSHIP.

Just one more item on the list! And more good news – there are already a lot of ideas about how to redesign aspects of the traditional executive director role that just don't work.

Strategies ranked as having “positive or very positive” potential impact: <sup>10</sup>

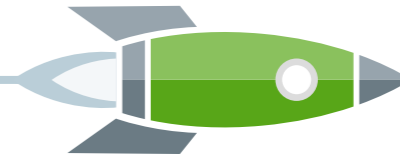
- ▶ Offer competitive compensation – 94.8%
- ▶ Invest in building bench strength – 97.3%
- ▶ Succession planning – 87.7%
- ▶ Diversity – 74.4%
- ▶ Structural change – 52%

Unfortunately, most nonprofits aren't yet doing a great job of implementing these strategies. For example:

- ▶ “Despite the fact that nonprofit leaders ranked diversity, equity and inclusion (DEI) as their top talent management priority in the beginning of 2017, 52% of respondents to this survey reported they do not have a DEI strategy.” <sup>11</sup>

That's right. Despite knowing what's needed, lots of organizations aren't yet taking actions to redesign their top executive positions. **That's where you come in.** You might have to break norms, upset some people, or otherwise make waves. But remember, *they need you more than you need them.* That gives you leverage to bring about change. That's your final call to action.

10. Good in Theory, Problems in Practice, Young Nonprofit Professionals Network, 2011.  
11. Nonprofit Talent Management Priorities Survey, January 2017, Nonprofit HR.



# ARE YOU READY? 80,000 SENIOR POSITIONS NEED TO BE FILLED EACH YEAR.

You're in the driver's seat.

You know what it takes:

- ▶ Bring the right skills to the table.
- ▶ Understand that nonprofit organizations are systems.
- ▶ Redesign nonprofit executive leadership.

Be a nonprofit CEO. Change the world.

Impact Lab is the newest addition to the Conservation Impact & Nonprofit Impact family of companies. Using our collective 75+ years of nonprofit and consulting experience, we offer relevant and engaging learning experiences and customized training to nonprofit and

public agency professionals seeking to enhance their knowledge, skills, and abilities to have greater impact. Training is available in a variety of formats—one-hour webinars, half-day and full-day workshops delivered in-person or via video conference, and 14-week online certificate courses.

*Reshape the Future: Be a Nonprofit CEO* is Impact Lab's first 14-week course designed to develop the skills, mindset, and confidence you need to succeed in a nonprofit executive position—all delivered on an online learning platform in a small-cohort format.

Learn more at [ImpactLabTraining.com](https://ImpactLabTraining.com)

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