

# READINESS, RETICENCE, & REALITY

*Social Sector Leadership & Succession Planning*  
2014 Survey

# Contents

Introduction.....	3
Executive Summary.....	4
Survey Participants.....	5
Do Leadership Team Members Want to Become CEO?.....	13
Leadership Teams & Generational Perceptions.....	17
Pathways to Leadership.....	21
Motivations.....	24
How do Leadership Teams View the CEO Position?.....	28
Leadership Development Disconnect.....	32
Succession Planning.....	35
Conclusion.....	40
Appendices.....	43
Acknowledgments & About Us.....	46

# Introduction

In 2013 Waldron and the Evans School of Public Affairs at the University of Washington jointly conducted a survey targeting the most senior executives from the largest nongovernmental organizations (NGOs) and charitable foundations in the United States. The goal was to identify paths to becoming a social sector Chief Executive Officer. The survey did reveal some common paths to top leadership positions. It also provided some evidence that NGOs and foundations draw top leadership talent from across the private and public sectors and well as from within the social sector creating both opportunities and challenges for individuals and organizations.

A notable finding from the 2013 survey was that less than half of the CEOs or their organizations had a succession plan in place. Given the age distribution of the top leadership, this lack of succession planning, combined with the perceived scarcity of leadership development opportunities for those aspiring to leadership positions, creates a concerning paradox.

We further explored this issue of succession in our 2014 survey. In addition to surveying Chief Executive Officers, Executive Directors, and Presidents, we sought input from the Leadership Teams of the same organizations. We feel it is crucial to find out whether those who are, in theory, next in line for Chief Executive Officer positions feel they are prepared for the role and if they want to take on the part. Building a group of potential successors with both the willingness and the readiness to step into top leadership roles is critical to future success.

We surveyed individuals in leadership positions at the larger nonprofits, NGOs and foundations. By targeting non profit organizations and NGOs with budgets in excess of \$100 million and foundations with assets above \$100 million, we believe we have identified those most likely to become the next generation leaders of some of the largest, most influential social sector organizations in the United States.

The nonprofit sector is an important and growing sector in our economy and society. It is the third largest employer in the United States after retail and manufacturing with more than 2.3 million nonprofit organizations.<sup>1 2</sup> The sector continues to experience a fast rate of growth, with 24 percent over the period 2000-2012.<sup>3</sup> As the sector continues to grow in importance, understanding how to attract and develop top leadership and management talent is imperative.

The information gathered in these surveys is used by the University of Washington to understand the social sector leadership and management needs that the Evans School academic degree and professional education programs and can address. It also contributes to Waldron's Knowledge Center about leadership in the social sector.

**Tom Waldron**  
Founder and CEO  
Waldron

**Sandra O. Archibald**  
Dean, Evans School of Public Affairs  
University of Washington

1. Colorado Women's College. (2013). Benchmarking women's leadership in the United States. Denver, Colorado: University of Denver. Retrieved from <http://www.womenscollege.du.edu/media/documents/BenchmarkingWomensLeadershipintheUS.pdf>

2. Roeger, K., Blackwood, A. & Pettijohn, S. Urban Institute. (2012). Nonprofit Almanac 2012 Factsheet. Washington, DC: Urban Institute. Retrieved from <http://nccsdataweb.urban.org/NCCS/extracts/nonprofitmanacflyer.pdf>

3. Roeger, K., Blackwood, A. & Pettijohn, S. Urban Institute. (2012). Nonprofit Sector in Brief. Washington, DC: Urban Institute. Retrieved from <http://www.urban.org/UploadedPDF/412674-The-Nonprofit-Sector-in-Brief.pdf>

## EXECUTIVE SUMMARY

- **90%** of CEOs say their organization has development opportunities compared to only **52%** of Leadership Team members.
- **87%** of CEOs state that succession planning is very important yet less than **30%** have a planned transition policy in place.
- More than **3/4** of CEOs believe that responsibility for developing a succession plan is shared between the CEO and the board.
- Over **9/10** of CEOs believe that developing leaders in an organization is key to succession planning yet **1/2** would recommend hiring an external candidate to fill the CEO position.
- **71%** of CEOs would leave their current position for retirement and **63%** of Leadership Team members say they would leave for a different organization.
- Leaders 45 and under mainly prefer a salary increase whereas those over 45 mainly prefer acknowledgement as an incentive to remain with their current organization.



## Section 1

# SURVEY PARTICIPANTS

## SURVEY PARTICIPANTS

NGO\* 22%

over \$100 million operating budget

nonprofit 45%

foundation 33%

over \$100 million assets

## Social Sector Executives

### CEOS



### LEADERSHIP TEAM MEMBERS



*While the 59% female CEOs appears high, it may be due to the inclusion of nonprofits in the survey sample. According to BoardSource<sup>4</sup>, 62% of nonprofit CEOs are female. Last year's Waldron-Evans CEO survey, which had 29% female representation, targeted NGOs and foundations and did not include nonprofits.*

4. BoardSource. (2012). Nonprofit Governance Index 2012

\*NGO is defined in Appendix B of this report.

\* The organization percentages are based on CEO responses.

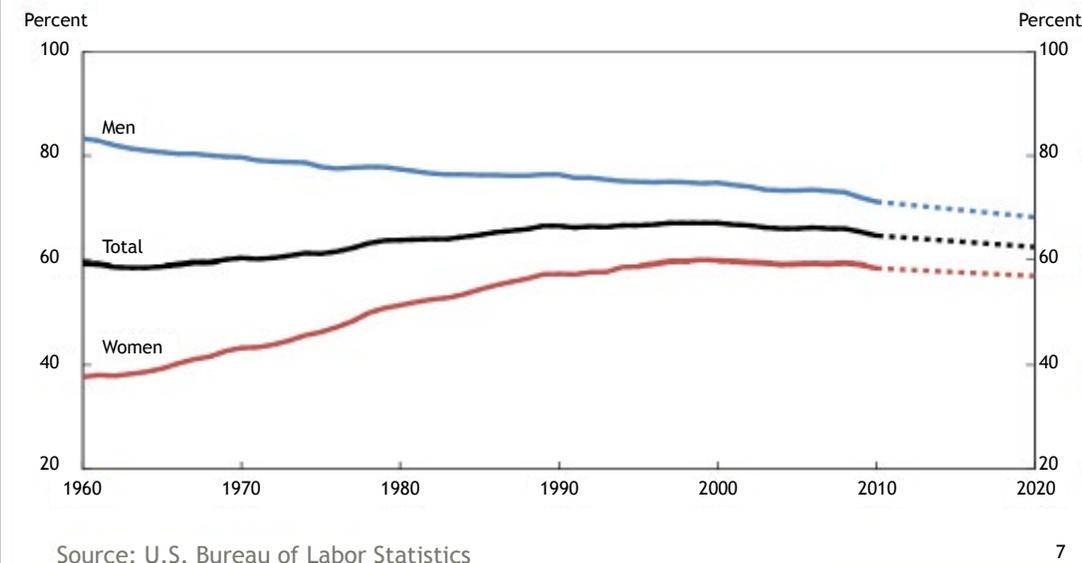
## DID YOU KNOW?

BLS, Council of Economic Advisers, OECD

The labor force participation rate of women in the overall economy is in light decline. The participation rate of women peaked at 60% in 1999, declined slightly to 59.9% in 2000, and continued a slow decline reaching 58.6% in 2010. With older women making up an increasing share of the total population, the overall labor force participation rate for women is projected to slow even further to 57.1% in 2020.<sup>5</sup>

The surge in the women's labor force participation from the 1960s through the 1990s reflects shifts in social norms including access to education, reductions in discrimination, and developments in labor-saving household technology. During this period, the increase in the women's labor force participation exceeded the decline in men's participation resulting in an overall increase in adult participation. The participation rates of men and women have both declined since 2000. The impact of an aging population on participation rates became more marked in 2008, when the first cohort of baby boomers turned 62 and the share of the working age population over age 55 began to rise rapidly. While baby boomers are more likely to continue working at older ages than their predecessors, the employment rates at older ages remain much lower than those of younger workers.<sup>6</sup>

Chart 1. Labor force participation rates, 1960-2010 and projected 2020



**Participation Rate:**  
The labor force participation rate is defined as the ratio of the labor force to the working age population, expressed in percentages. The labor force participation rate is a measure of the extent of an economy's working-age population that is economically active. It provides an indication of the relative size of the supply of labor available for the production of goods and services.<sup>8</sup>

5. Toossi, M. (2012). Labor force projections to 2020: a more slowly growing workforce. Monthly Labor Review, 135(1), 1. Retrieved June 18, 2014, from <http://www.bls.gov/opub/mlr/2012/01/mlr201201.pdf>

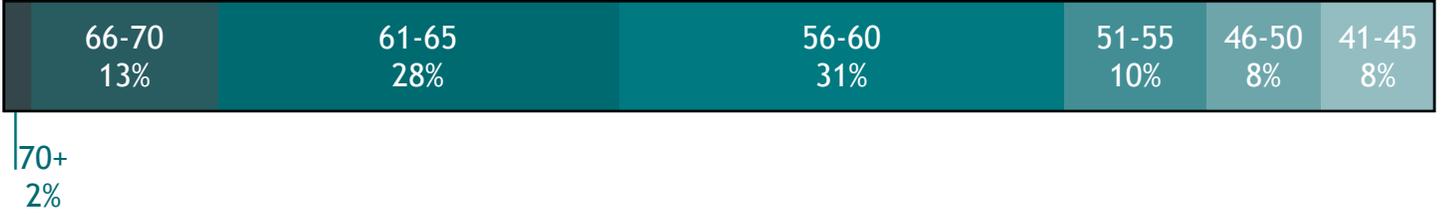
6. Council of Economic Advisers (U.S.). (2014). The labor force participation rate since 2007: Causes and policy implications. [Washington, District of Columbia]: Council of Economic Advisers, Executive Office of the President of the United States. Retrieved September 29, 2014, from [http://www.whitehouse.gov/sites/default/files/docs/labor\\_force\\_participation\\_report.pdf](http://www.whitehouse.gov/sites/default/files/docs/labor_force_participation_report.pdf)

7. Toossi, M. (2012).

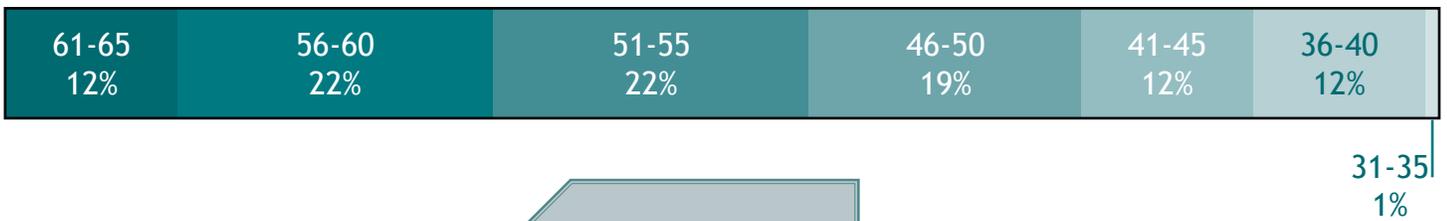
8. OECD. (2006). Glossary of Statistical Terms. Retrieved June 24, 2014, from <http://stats.oecd.org/glossary/detail.asp?ID=2008>

## AGE

### CEOs



### Leadership Teams



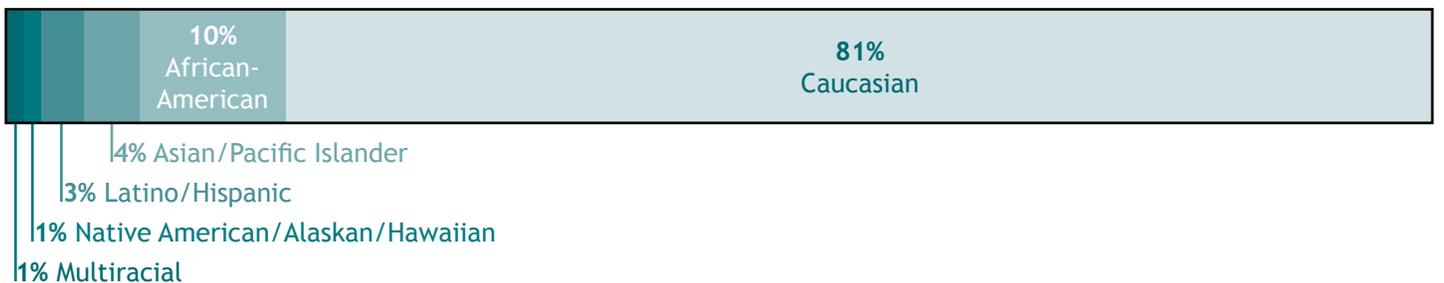
43% of responding CEOs and 12% of responding Leadership Team members are over 60 years old.

## ETHNICITY

### CEOs



### Leadership Teams



# DID YOU KNOW?

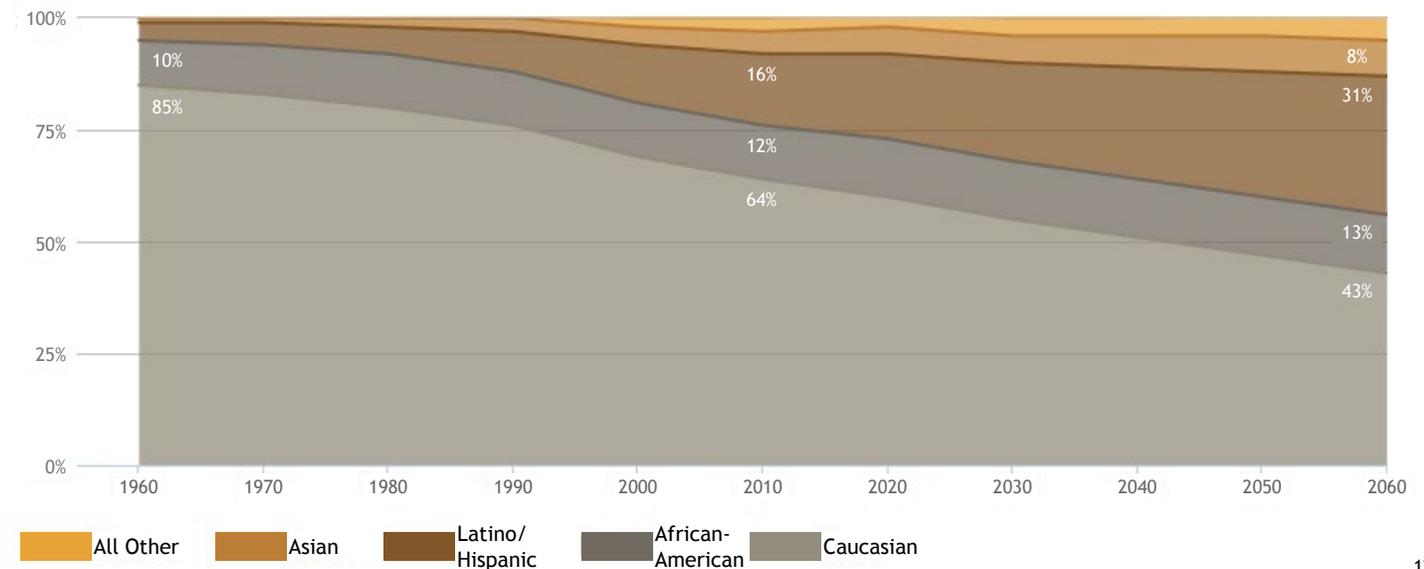
CDC, U.S. Census Bureau, Pew Research Center, NASPAA Accreditation

43% of Millennials are non-Caucasian, making this generation the most ethnically diverse in American history. Ethnic minorities' increasing share of the population is shown in the current rate of non-Caucasian newborns. This trend is expected to continue, resulting in the population of the United States becoming majority non-Caucasian around the year 2043.<sup>9 10 11</sup>

As shown in the survey demographics, there is a significant disparity between the leadership of large nonprofits/NGOs and foundations, and the current and projected population of the country (See Figure A). This growing diversity is also reflected in the population of students seeking MPA and MPP public service degrees (Figures B and C).

**Figure A: Changing Face of America**

Percent of total U.S. population by race and ethnicity, 1960-2060



12

## MPA/MPP Student Diversity<sup>13</sup>

Figure B: Diversity Report 2000 (1992-1998)



Figure C: Diversity Report 2013 (2007-2013)



9. Martin, Joyce A., Hamilton, B., Osterman, M., Curtin, S., & Mathews, T.J. (2013) Births: final data for 2012. National Vital Statistics Reports, 62(9). Retrieved from [http://www.cdc.gov/nchs/data/nvsr/nvsr62/nvsr62\\_09.pdf](http://www.cdc.gov/nchs/data/nvsr/nvsr62/nvsr62_09.pdf)

10. U.S. Census Bureau Projections Show a Slower Growing, Older, More Diverse Nation a Half Century from Now. (2012, December 12). United States Census Bureau. Retrieved June 16, 2014, from <https://www.census.gov/newsroom/releases/archives/population/cb12-243.html>

11. Millennials in Adulthood. (2014, March 7). Pew Research Center's Social Demographic Trends Project RSS. Retrieved June 15, 2014, from <http://www.pewsocialtrends.org/2014/03/07/millennials-in-adulthood/>

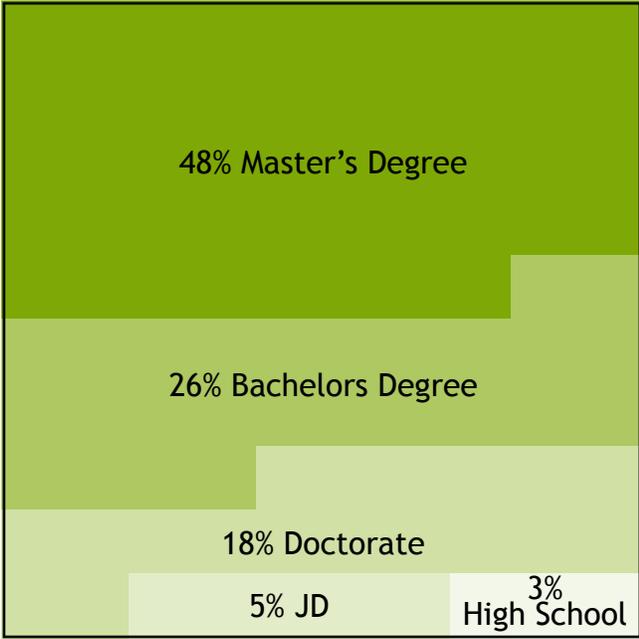
12. Taylor, P. (2014, April 10). The Next America. Pew Research Center. Retrieved June 18, 2014, from <http://www.pewresearch.org/next-america/#Two-Dramas-in-Slow-Motion>

13. Primo, N. (2013, August 5). NASPAA Diversity Report 2013, Over a Decade in Review. Retrieved September 29, 2014, from <http://accreditation.naspaa.org/resources/data-on-accredited-programs/>

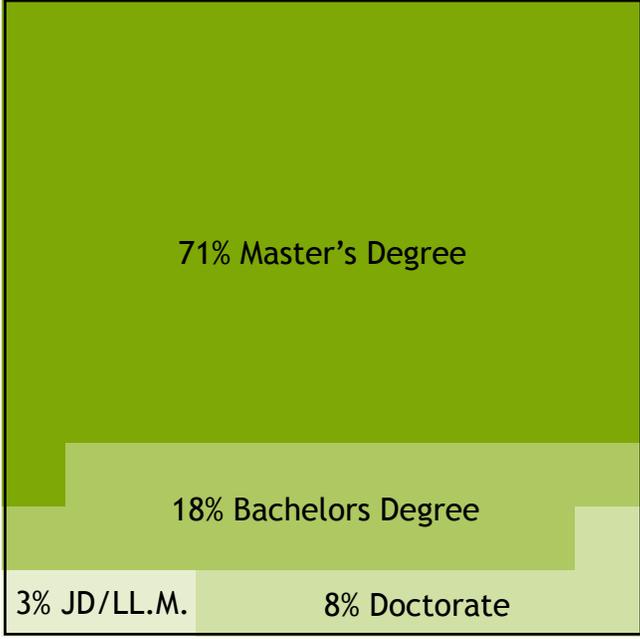
**EDUCATION**

**Highest Level Completed**

CEOs



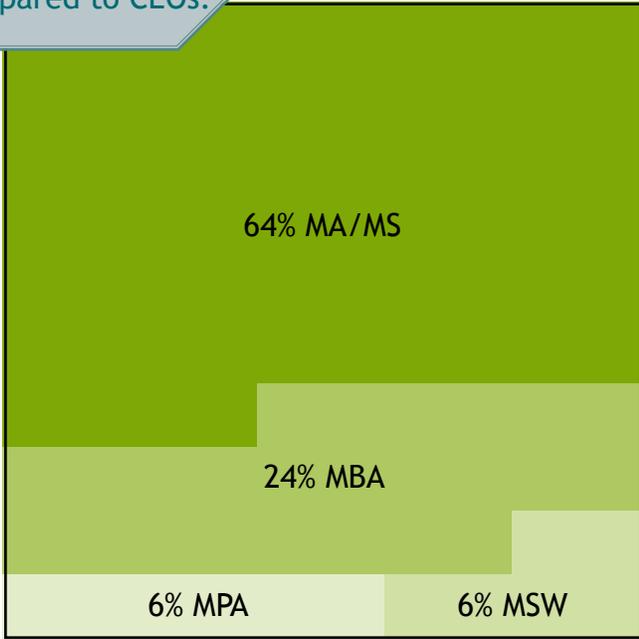
Leadership Teams



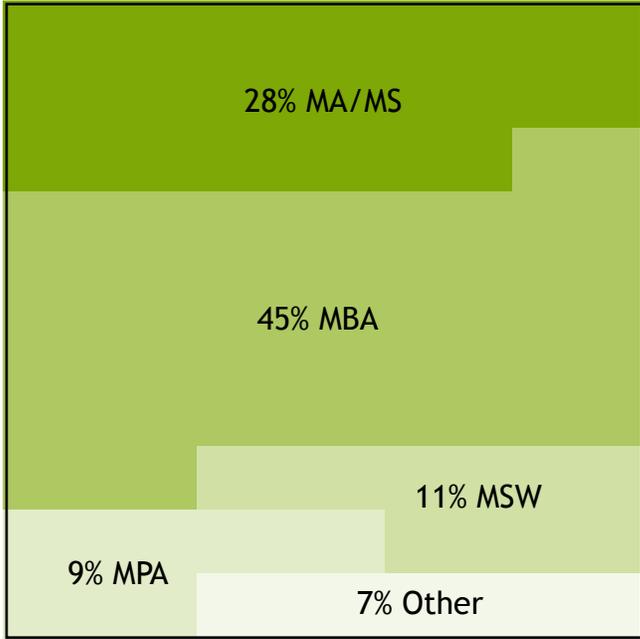
Nearly twice as many Leadership Team members have MBAs compared to CEOs.

**Types of Master's Degrees**

CEOs



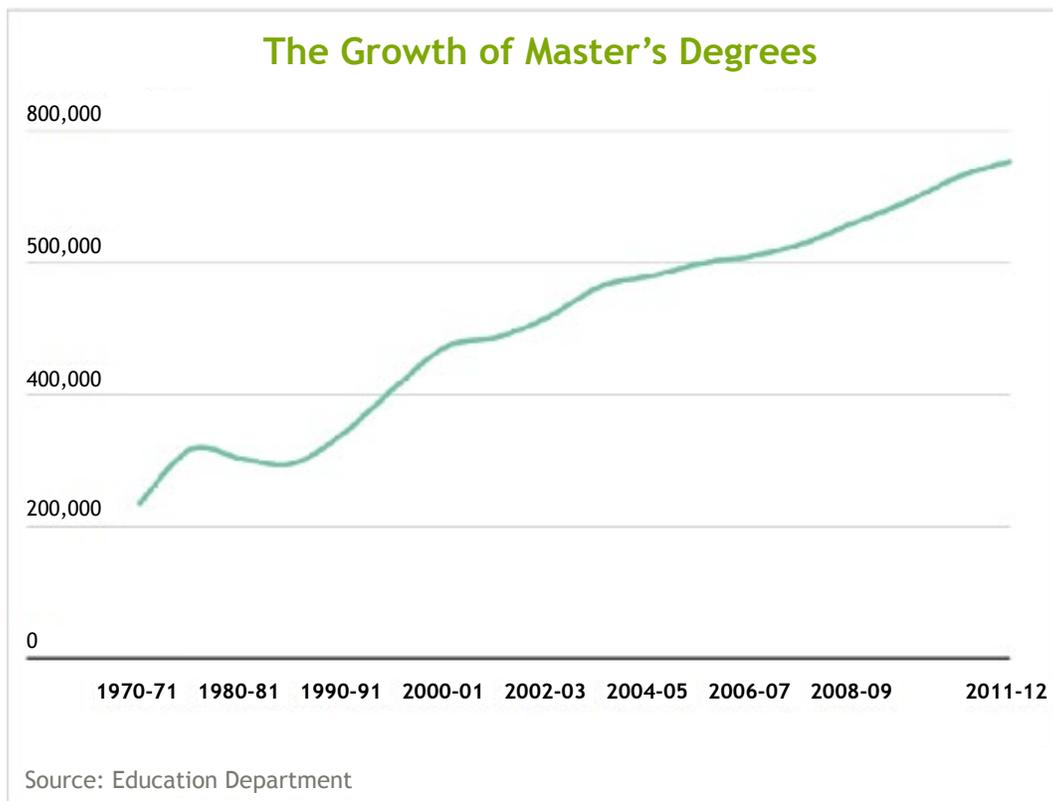
Leadership Teams



## DID YOU KNOW?

Boston.com, Vox

A Master's in Business Administration (MBA) has become the most popular type of Master's degree in the United States. Master's degrees have become as common today as Bachelor's degrees were in the 1960s.<sup>14 15</sup>



15

14. Vaccaro, A. (2014, May 22). Study: M.B.A. Now Most Popular Master's Degree. Boston.com. Retrieved June 18, 2014, from <http://www.boston.com/business/personal-finance/2014/05/22/study-now-most-popular-master-degree/D2qggEZ50ZS2irbFC9eCM/story.html>

15. Nelson, L. (2014, May 20). Master's degrees are as common now as bachelor's degrees were in the '60s. Vox. Retrieved June 18, 2014, from <http://www.vox.com/2014/5/20/5734816/masters-degrees-are-as-common-now-as-bachelors-degrees-were-in-the-60s>

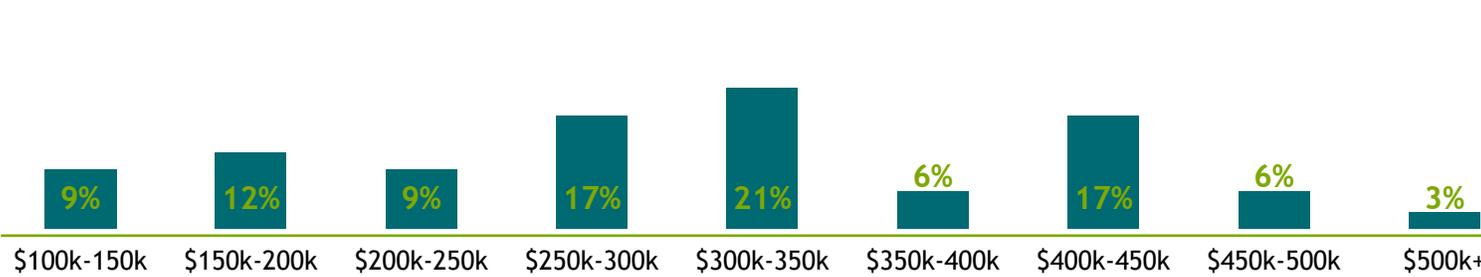
# SALARY

Reminder: All organizations in this survey have \$100+ million in assets or operating budget.

## Leadership Teams



## CEOs



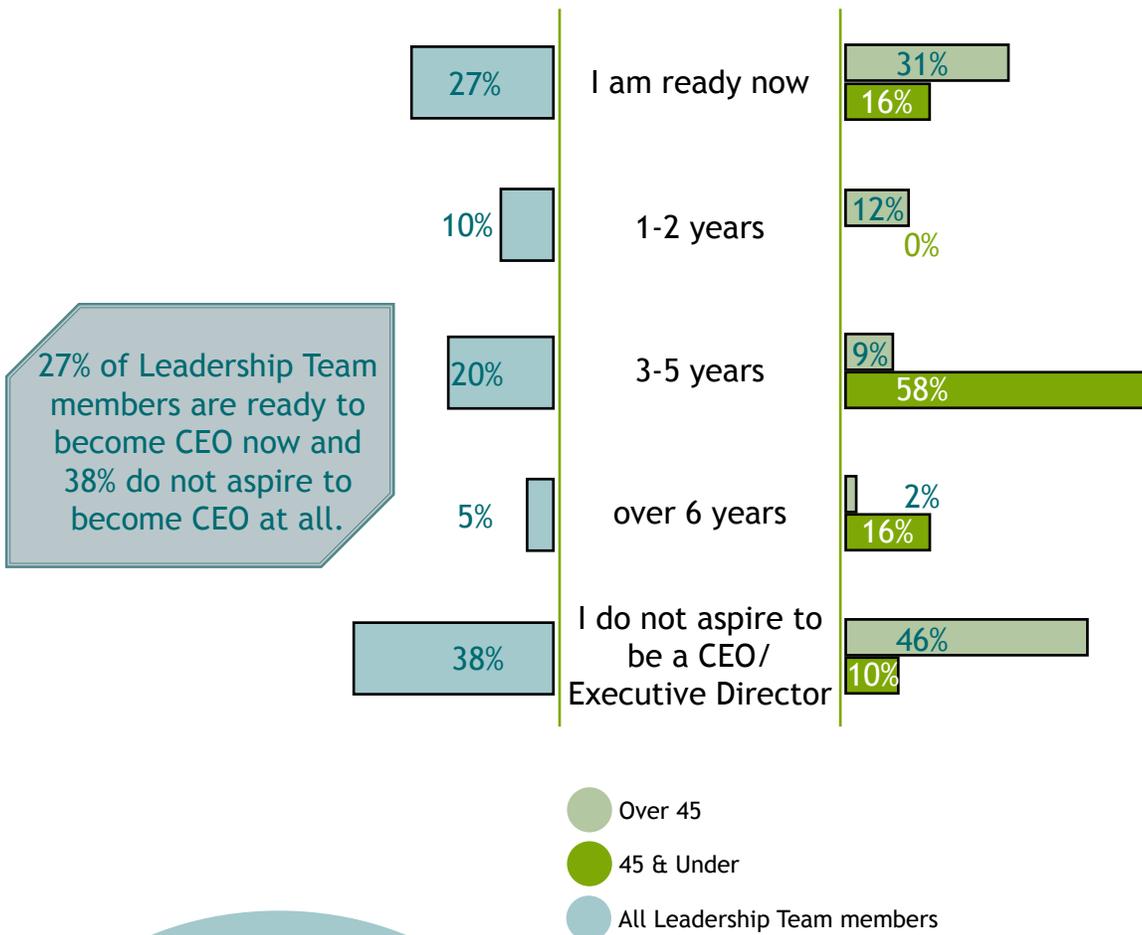
## Section 2

**DO LEADERSHIP TEAM  
MEMBERS WANT TO  
BECOME CEO?**

## DO LEADERSHIP TEAM MEMBERS WANT TO BECOME CEO?

If you aspire to be a CEO/Executive Director someday, when do you estimate that you will be ready to take on that role?

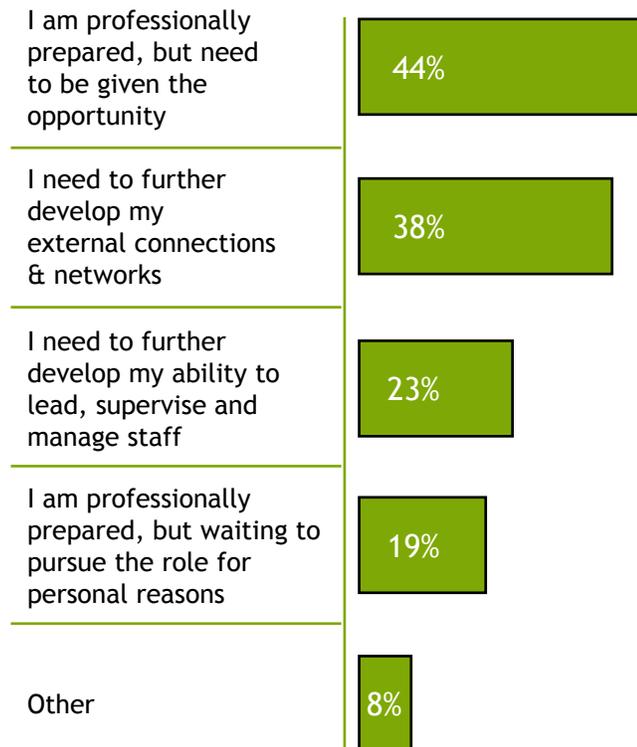
### Leadership Teams



*"I am not prepared to be the CEO of my current organization but could do the role at a smaller organization. I will need more industry experience in our sector. I have actually done the CEO role with other organizations."*

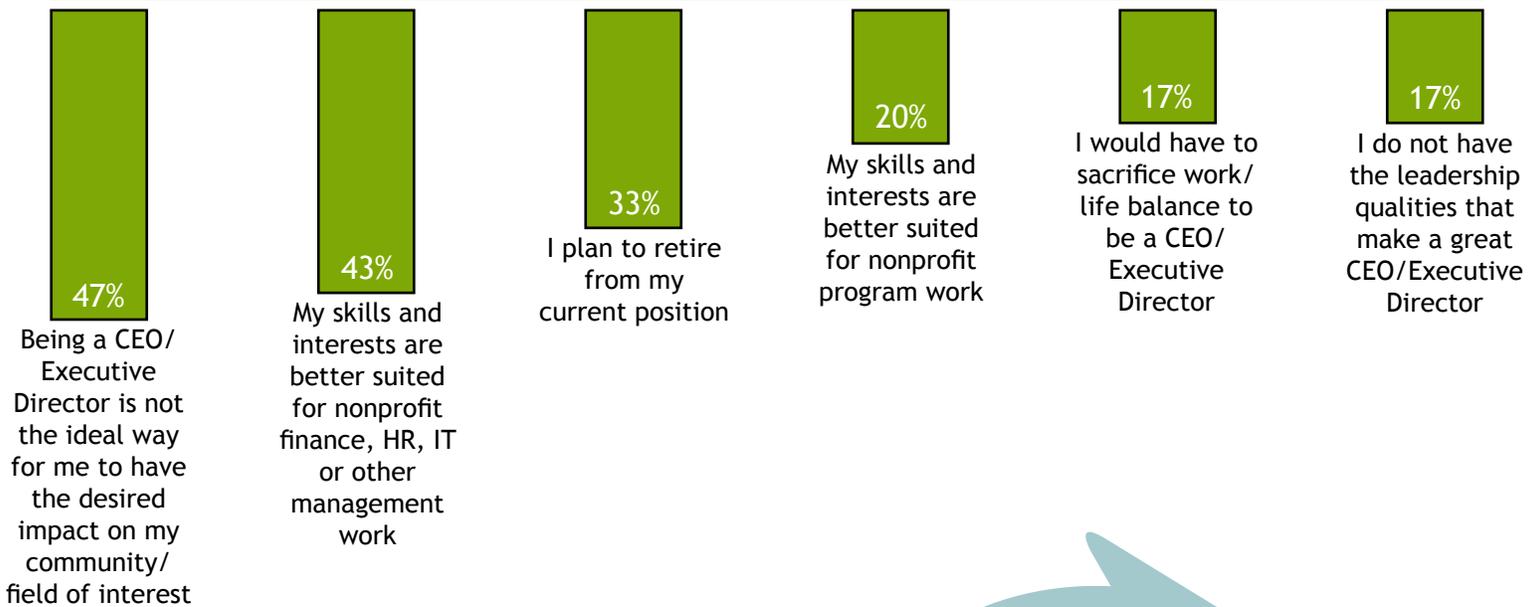
*"I am professionally prepared...but I believe I can make a better contribution to the mission in my current role as COO. I have no desire to leave my organization."*

If you aspire to be CEO, what would need to happen between now and then to adequately prepare you for the CEO/Executive Director position?  
(Select all that apply).



Of those who want to become CEO, 44% feel that they are prepared for the role but need to be given the opportunity and 23% need to develop their leadership abilities.

For those not aspiring to be a CEO/Executive Director, we asked what the most significant factors are.



*"I excel at being the #2 person. The CEO position requires a heavy fund raising challenge and I am not as good at that."*

*"I don't currently have, and don't anticipate gaining in the next few years, the breadth of knowledge that I believe is essential to be effective in our CEO role."*

Reminder: 38% of Leadership Team members do not aspire to become CEO

\*The top six answers are shown. Additional answers include: I do not want to work for a board of directors; My skills and interests are better suited for nonprofit fundraising/ development work; I ultimately see myself working in the for-profit sector; The CEO/Executive Director position is too much work; N/A-I do not know enough about what the job of a CEO/Executive Director entails to adequately respond; and Other.



## Section 3

# LEADERSHIP TEAMS & GENERATIONAL PERCEPTIONS

## LEADERSHIP TEAMS & GENERATIONAL PERCEPTIONS

### *The generations*

#### **Millennials:**

Percentage in today's workforce: 32%<sup>16</sup>

Age of adults in 2014: 18-33

Share of adult population: 27%<sup>17</sup>

#### **Generation X:**

Percentage in today's workforce: 32%<sup>16</sup>

Age of adults in 2014: 34-49

Share of adult population: 27%<sup>17</sup>

#### **Baby Boomers:**

Percentage in today's workforce: 33%<sup>16</sup>

Age of adults in 2014: 50-68

Share of adult population: 32%<sup>17</sup>

How skills or attributes are perceived across generations is of particular interest when investigating leadership and succession planning. For example, looking at how the 45 and under group ranks problem solving across the three generations, Gen X receives more positive ratings than either Boomers or Millennials. At the same time, there is room for bias; it can be argued that a group will view itself more positively on each measure.

The one skill set where there is agreement across all cohorts, is technology and social media savvy; all groups overwhelmingly agree that Millennials have strong technological skills, where Gen Xers and Boomers lag behind.

This result is not surprising given that Millennials are digital natives and have grown up with digital technologies. For this group, social media is usually second nature compared to digital immigrants who are often older.

***Digital native:** an individual who was born after the widespread adoption of digital technology. The term "digital native" doesn't refer to a particular generation. Instead, it is a catchall category for children who have grown up using technology like the Internet, computers, and mobile devices. This exposure to technology in the early years is believed to give digital natives a greater familiarity with and understanding of technology than people who were born before it was widespread.<sup>18</sup>*

***Digital immigrant:** an individual who was born before the widespread adoption of digital technology. The term "digital immigrant" may also apply to individuals who were born after the spread of digital technology and who were not exposed to it at an early age. Digital immigrants are the opposite of digital natives, who have been interacting with technology from childhood.<sup>19</sup>*

16. Gallup. (2013). State of the American Workplace. Washington, DC: Gallup. Retrieved from <http://www.gallup.com/strategicconsulting/163007/state-american-workplace.aspx>

17. Millennials in Adulthood. (2014, March 7). Pew Research Centers Social Demographic Trends Project RSS. Retrieved June 15, 2014, from <http://www.pewsocialtrends.org/2014/03/07/millennials-in-adulthood/>

18. What is a Digital Native? - Definition from Techopedia. (n.d.). Techopedia. Retrieved June 18, 2014, from <http://www.techopedia.com/definition/28094/digital-native>

19. Digital Immigrant - Definition from Techopedia. (n.d.). Techopedia. Retrieved June 18, 2014, from <http://www.techopedia.com/definition/28139/digital-immigrant>

In your experience, Baby Boomers, Gen Xers, and Millennials BEST display which personal characteristics?

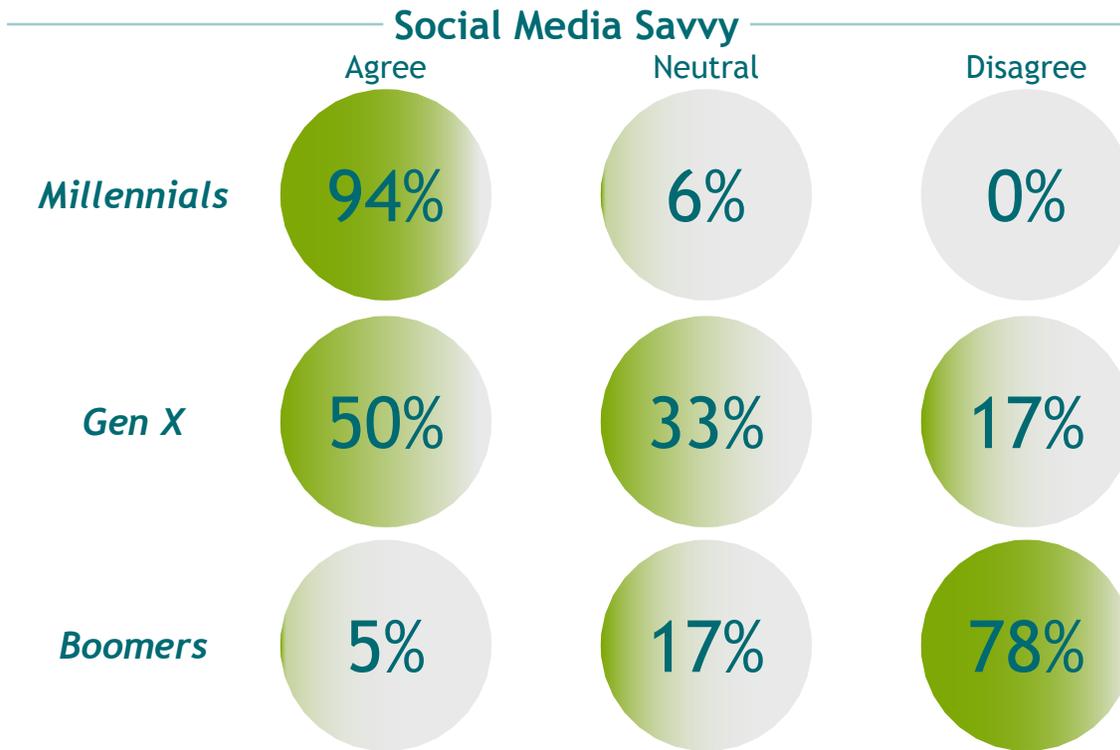
	45 & under	Over 45
View Millennials As	Brand ambassadors Tech & social media savvy Effective at managing change Flexible	Brand Ambassadors Tech & social media savvy
View Gen Xers As	Adaptable Effective at managing diverse groups Good at motivating others Good problem solvers	Adaptable Effective at managing change Exhibiting executive presence
View Boomers As	Lacking Adaptability Exhibiting executive presence Good problem solvers Leaders Sound decision makers	Adaptable Exhibiting executive presence Good problem solvers Leaders Sound decision makers

● 45 & Under

● Over 45

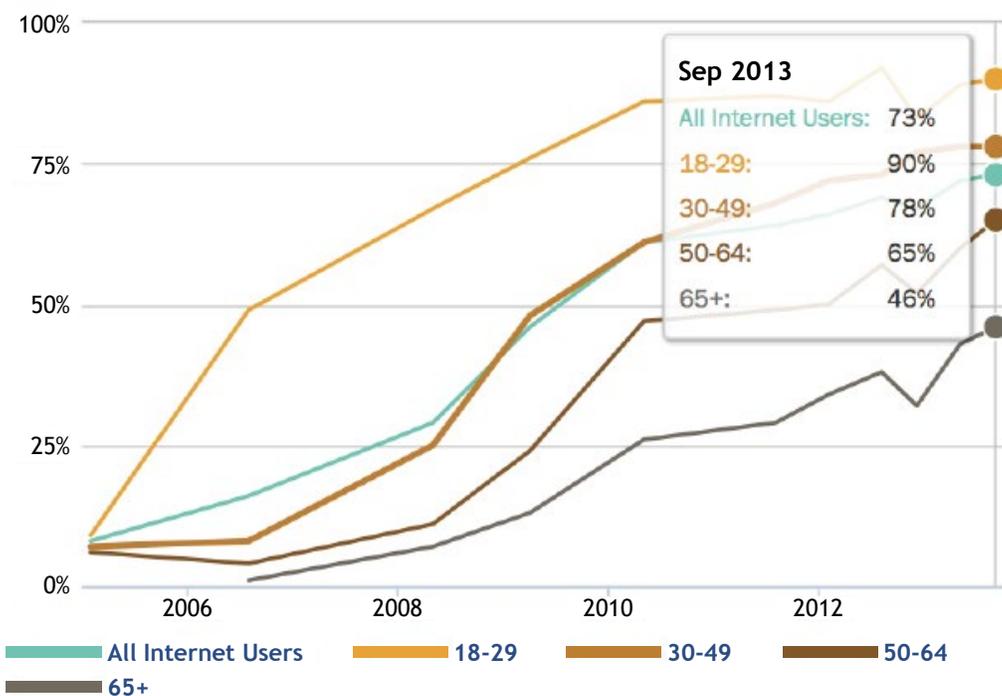
● Shared

In your experience, which generations BEST display Social Media skills in the work environment?



### Use of Social Networking Sites by Age

Percent of internet users who use social networking sites



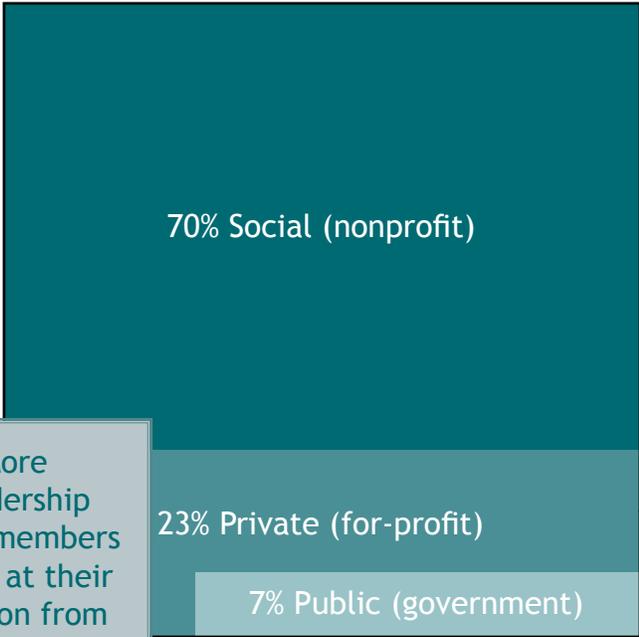


## Section 4

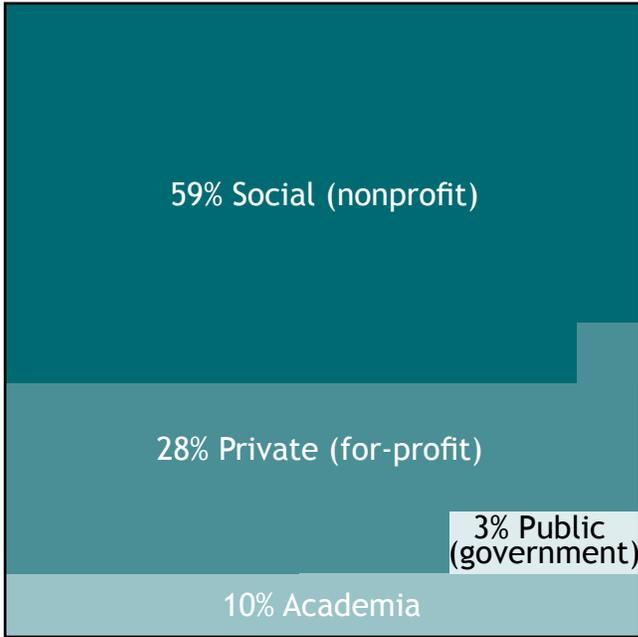
# PATHWAYS TO LEADERSHIP

Immediately prior to your current position, in which of the following sectors did you work?

CEOs



Leadership Teams



More Leadership Team members arrive at their position from outside the social sector, and a smaller percentage of Leadership Team members have always worked in the social sector.

At which level did you transition to the social sector?

CEOs



Leadership Teams

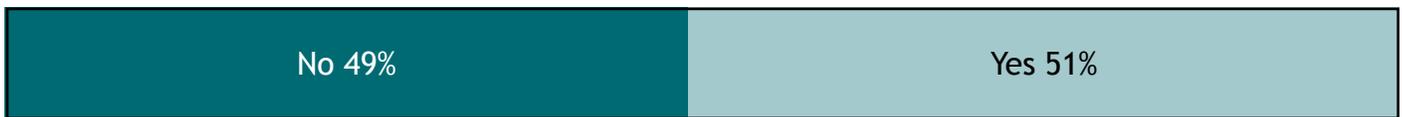


Was your current position a promotion from within?

CEOs



Leadership Teams



What were the most important factors that led you to work in the social sector?  
(Select all that apply).\*



Only 5% of CEOs and 7% of Leadership Team Members said Compensation was a top factor.

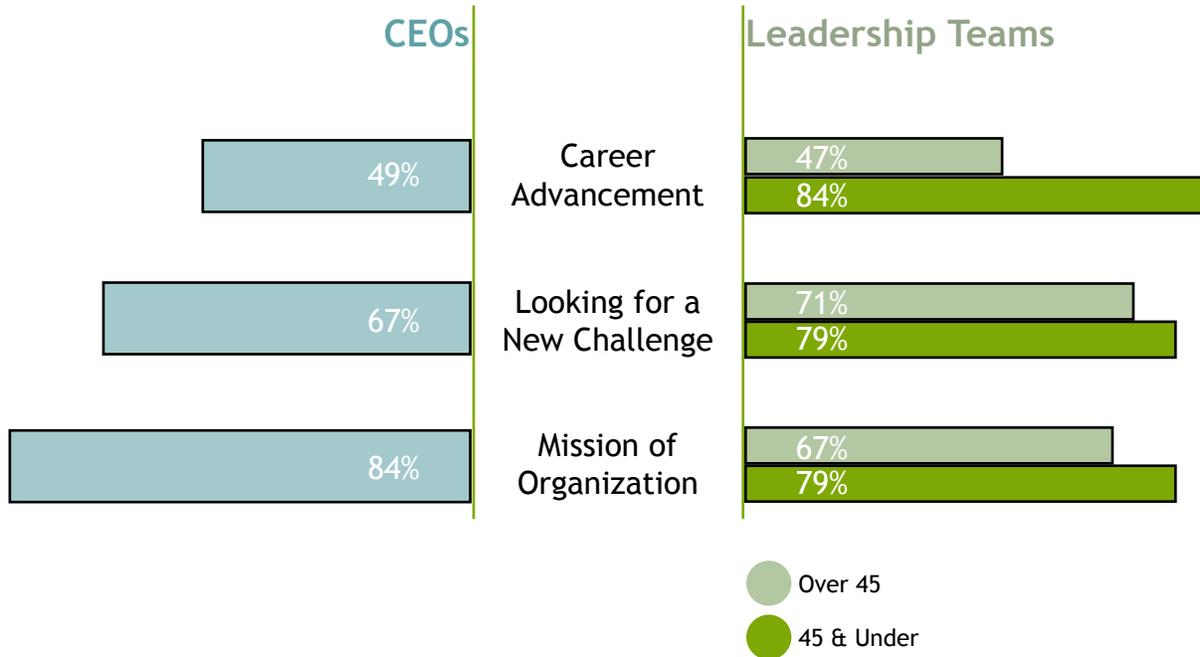
\*Additional answer options include Educational specialty/background, Idea of working for a socially mission-driven organization, Previous volunteer experience, Board experience/affiliation, Job availability (first choice job was not available at the time), Organizational/sector culture, Personal connections/network, Compensation, and Other.



## Section 5

# MOTIVATIONS

What were the most important motivations/factors in accepting your current position? Please select your top three choices.\*

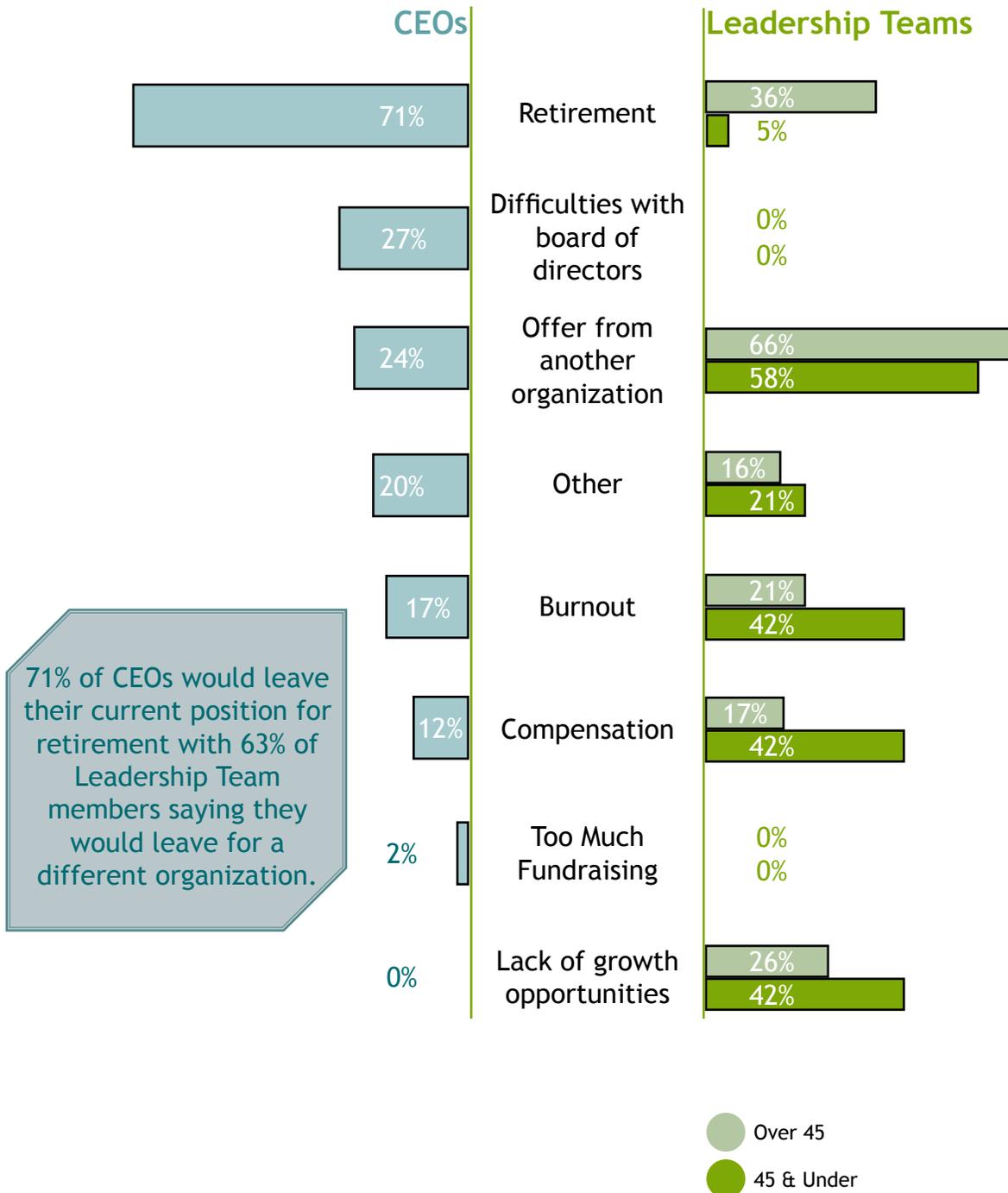


*“I grew into the job and I felt I was already performing the tasks associated with the position. This is a great organization and for me it was not a question of accepting more leadership responsibilities. It felt natural.”*

*“I need to work for an organization that ‘does good’; whose mission is more than maximization of shareholder wealth and the compensation of hot shots.”*

\*Additional answer options include Compensation, Improved work/life balance, and Other.  
N.B.: Only 5.5% of responding CEOs fall into the 45 & Under age group.

If you were to leave your current role, what drivers would lead you to that decision? (Select all that apply).

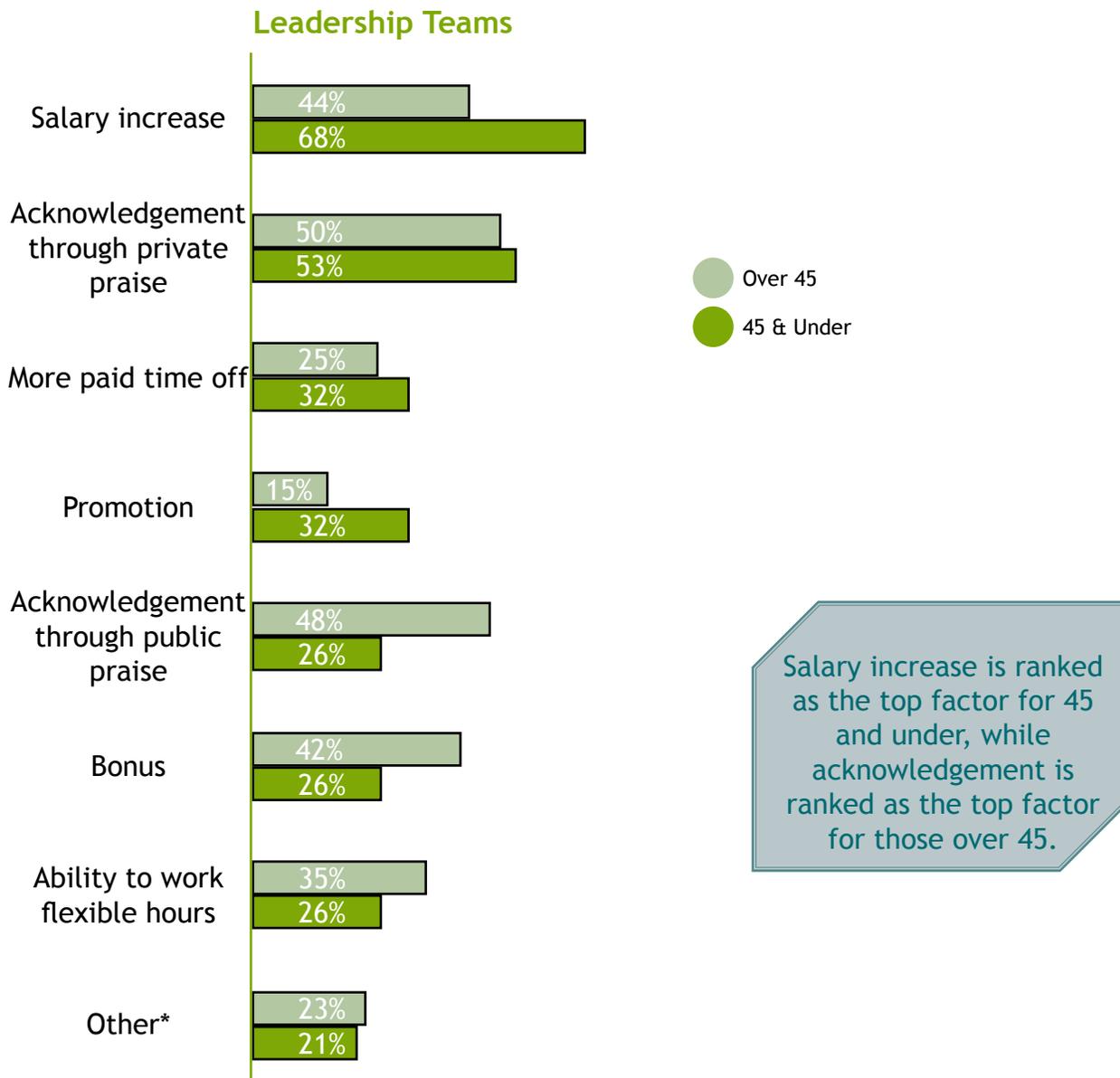


## DID YOU KNOW?

Gallup

According to Gallup, Baby Boomers plan to work longer than their predecessors for a number of reasons, including financial insecurity due to saving too little and carrying too much debt, and a work ethic that makes it difficult for many of them to see themselves as slower paced retirees.<sup>21</sup>

### What incentives/perks would be effective in keeping you at your current organization? (Select all that apply).



21. Harter, J., & Agrawai, S. (2014, January 20). Many Baby Boomers Reluctant to Retire. Gallup. Retrieved June 18, 2014, from <http://www.gallup.com/poll/166952/baby-boomers-reluctant-retire.aspx>

\*Other responses include: None/No perks needed, Additional money for my program area, Leadership opportunities/Opportunities to advance, Ability to work part time, Ability to work from home, Position of CEO, Cross-training, Better work/life balance, Professional development.

## Section 6

**HOW DO LEADERSHIP  
TEAMS VIEW THE  
CEO POSITION?**

## CEO COMPETENCIES

Do you believe that different competencies are needed to lead a social sector organization versus a private or government sector organization?



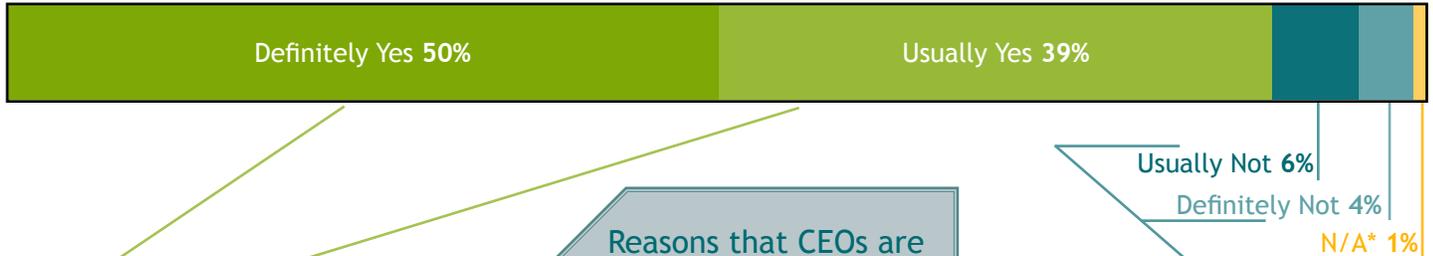
Nearly 60% of Leadership Team members believe that running a social sector organization requires different competencies than running a for-profit or government entity.

*“Since employees are at nonprofits and NGOs based upon mission and quality of life, they almost demand more from a CEO/ED since they are not motivated as easily by money. A nonprofit CEO must be an authentic, charismatic, motivational leader with strategic vision, resourcefulness, discipline and gratitude.”*



## PERCEPTIONS OF THE CEO

Do you view the CEO/Executive Director of your current organization as a positive role model of what it takes to be a good social sector executive?



Reasons that CEOs are not viewed positively tend to be internally facing.

Please explain why your CEO is or is not a positive role model. (Select all that apply).

Reasons CEO is a positive role model		Reasons CEO is not a positive role model	
My CEO represents the organization well externally	89%	My CEO does not effectively lead his/her direct reports	75%
My CEO works well with board of directors	89%	My CEO cannot effectively communicate with staff (internally)	75%
My CEO exhibits sound decision making	75%	My CEO seems less engaged than ideal	50%

*“My CEO/Executive Director shows respect, understanding, kindness and humor in interactions; approachable and genuine.”*

*“The CEO cannot bring anything new or exciting to lead the organization.”*

\*My CEO has not been at my Org long enough, or I have not been at my Org long enough for me to comment



## Section 7

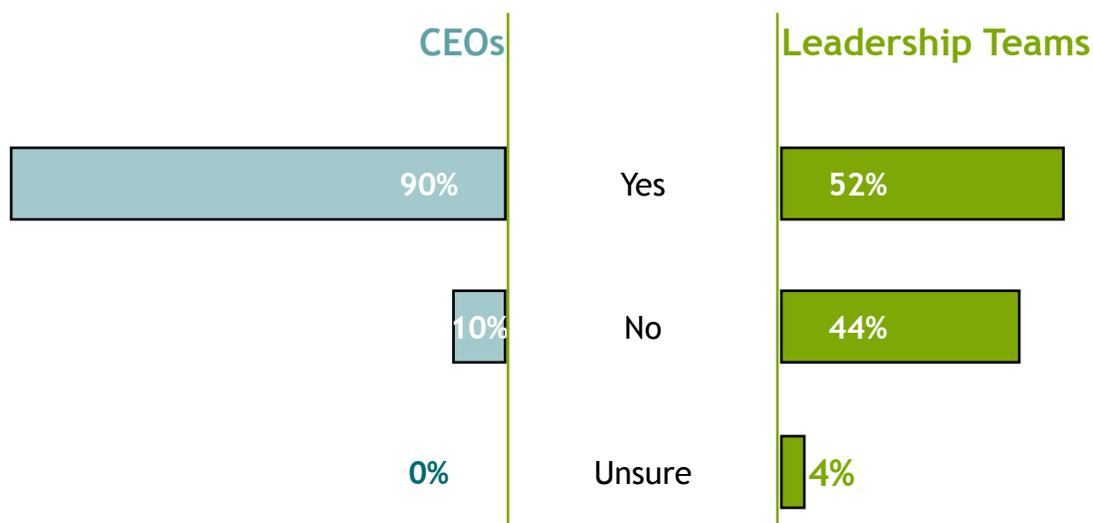
# LEADERSHIP DEVELOPMENT DISCONNECT

## LEADERSHIP DEVELOPMENT DISCONNECT

When asked about the employee development opportunities offered by their organizations, CEOs and Leadership Teams differ considerably in their responses. 90% of CEOs indicate that their organization provides formal development opportunities compared to 52% of Leadership Team members. Do CEOs and Leadership Teams have different understandings of what falls into the category of formal leadership development? Or do organizations need to improve internal communications around the existing development opportunities?

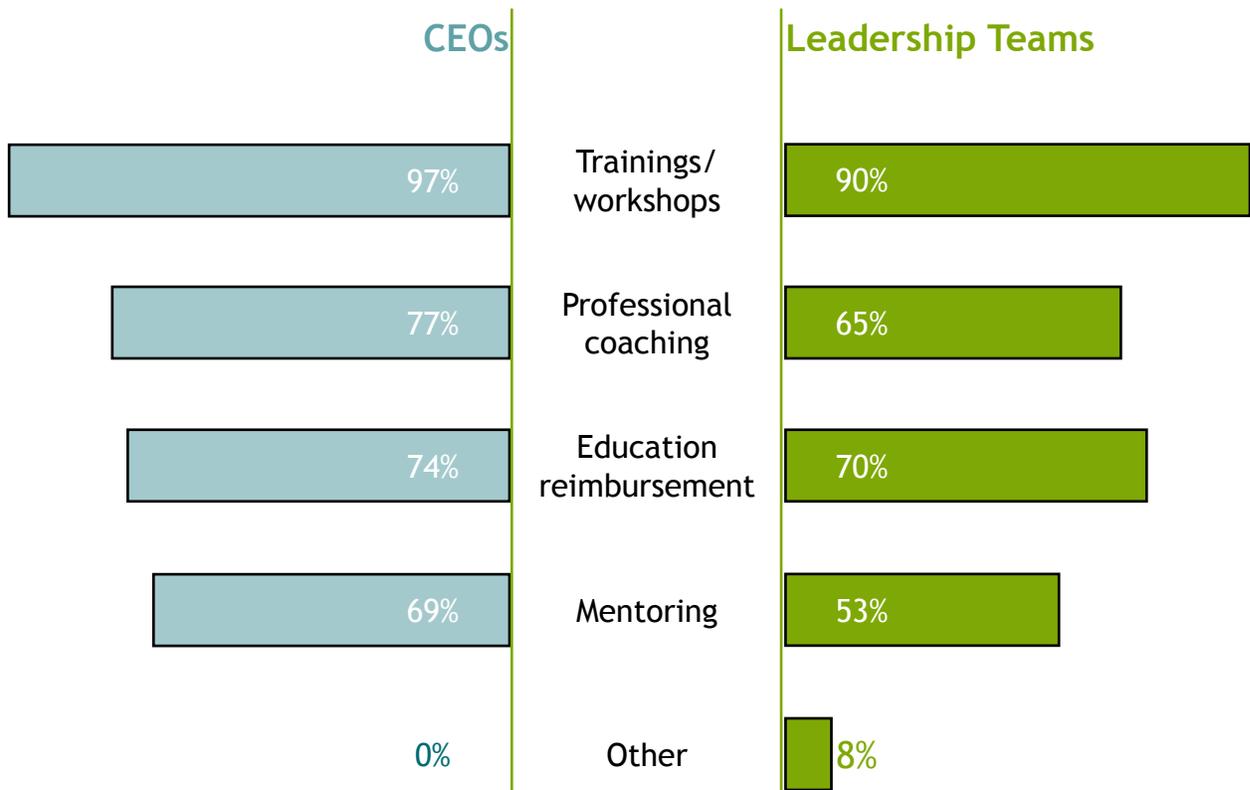
According to The Chronicle of Philanthropy, new leadership programs are “...designed to get prospective executives out of their comfort zones, show them how to work together to solve the problems nonprofit officials encounter every day, and form a tight network of leaders who can rely on one another as they move forward in their careers.”<sup>22</sup>

### Does your organization offer its employees formal development opportunities?



22. Anft, M. (2013, May 5). New Programs Teach Collaboration, Not Budgets. The Chronicle of Philanthropy. Retrieved June 18, 2014, from <http://philanthropy.com/article/New-Programs-Teach/138999/>

What type of opportunities have been/are offered and sponsored by your organization? (Select all that apply).



Did you pursue specific development opportunities to help prepare for the CEO role?





## Section 8

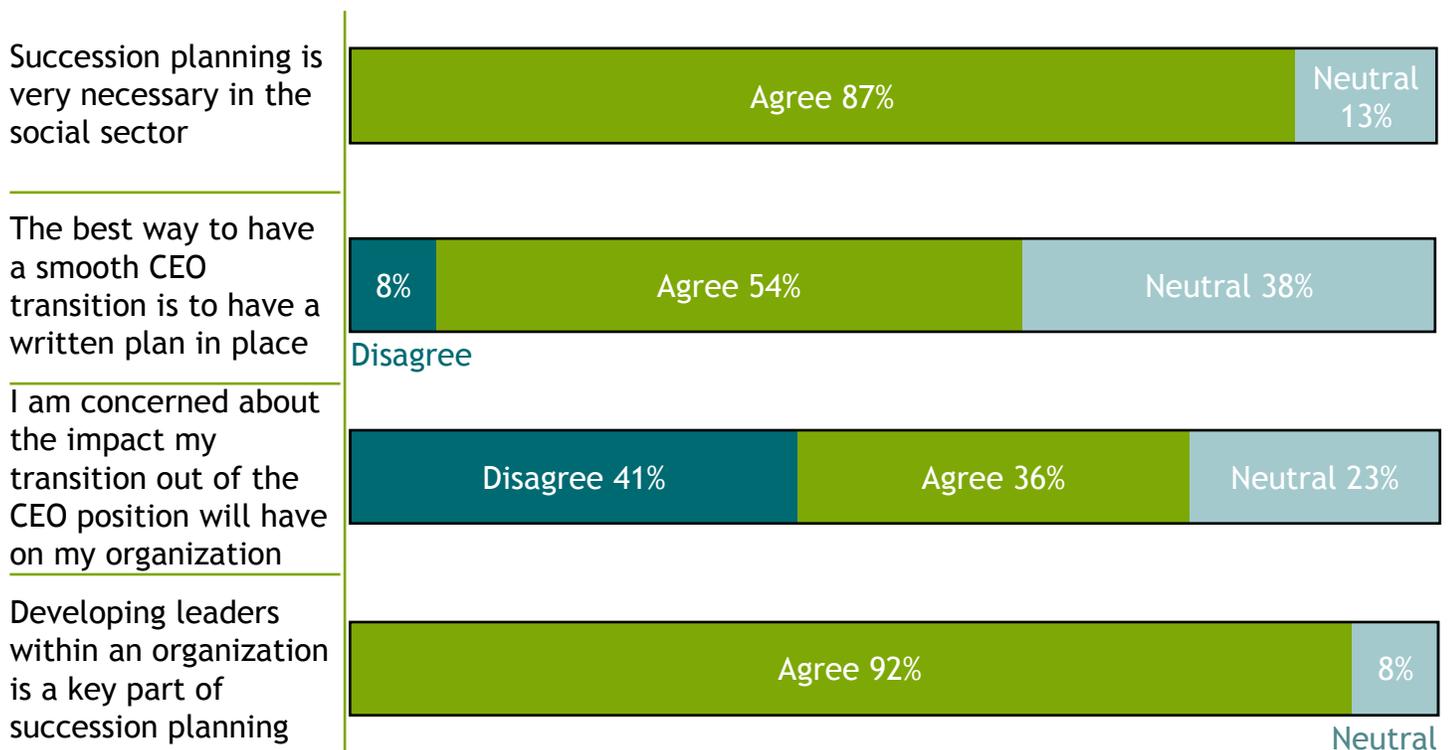
# SUCCESSION PLANNING

## SUCCESSION PLANNING: CEOS

Tackling the topic of succession planning means more than ensuring that there is someone to take on the CEO role; it should also address knowledge transfer. The median job tenure for Millennials is two years, compared to five years for Gen Xers, and seven years for Baby Boomers. These differences in longevity mean that younger employees are often not with an organization long enough to learn from older employees, resulting in a potential loss of institutional knowledge and lower institutional efficiency throughout the organization.<sup>23</sup>

*For the purposes of this survey, we define succession planning as “a process for identifying and developing potential future leaders or senior managers, as well as individuals to fill other business-critical positions, either in the short- or the long-term.”<sup>24</sup>*

Please rate how much you agree with the following statements:



23. Peña, A. (2014, February 14). When Knowledge Left the Building. Succession Planning's More Than Having Someone Waiting in the Wings. Retrieved June 18, 2014, from <http://www.workforce.com/articles/20269-when-knowledge-left-the-building>

24. Succession planning. (2013). cipd. Retrieved June 18, 2014, from <http://www.cipd.co.uk/hr-resources/factsheets/succession-planning.aspx>

Does your organization have an emergency succession plan?

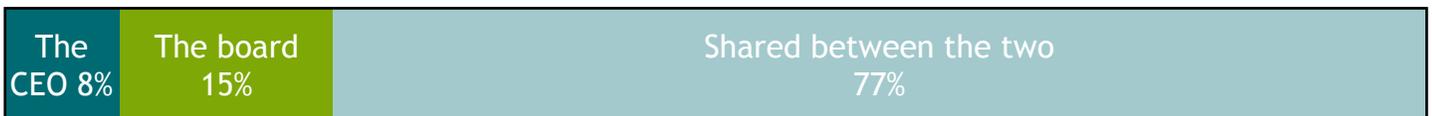


Does your organization have a formal succession policy for a planned transition?



Nearly half of organizations have an emergency plan in place and less than one-third have a formal transition policy.

Whose responsibility do you feel it is to develop an organization's succession plan?



If you were to leave today, would you generally recommend that the board hire:



Half of CEOs would prefer an external candidate to replace them.

If you were to leave today, do you have someone specific in mind for the interim CEO position?



Has anyone on your Leadership Team expressed an interest in taking on your role once you leave?



Has anyone on your Leadership Team expressed an interest to you in a CEO position elsewhere?



Do Leadership Team members who are interested in becoming CEO need to speak up?

## SUCCESSION PLANNING: THE LEADERSHIP TEAMS

Does your organization have a formal succession plan in place (a process for identifying and developing internal people with the potential to fill key business leadership positions in the organization) for when the CEO/Executive Director retires/leaves?



Are you being developed to become your organization's next CEO?



If the current CEO were to leave tomorrow, would there be at least one qualified immediate successor who would be approved by the board?





## Section 9

# CONCLUSION

## WHAT CAN BE DONE TO ADDRESS THIS LEADERSHIP CRISIS?

### Establish Ground Rules for Open Communication:

Our survey indicates that there could be a great deal more open communication between the CEO, Leadership Team members and other senior managers about future planning. Establishing a culture of trust where senior staff can be forthcoming about aspirations and transition plans is the best way to prepare for succession.

At Waldron, we continually witness how little planning is done around senior leader departures, often resulting in panic-driven recruitments. CEOs can facilitate safe, dispassionate succession conversations with potential leaders in their organizations by establishing certain ground rules:

- First, provide shared context by acknowledging that people are people, their plans may change and the future is unpredictable.
- Second, establish that when disclosing one's plans whether it be a retirement date or other transition, it cannot result in "lame duck" treatment by others on the team.
- Finally, it should be at the discretion of each individual whether their plans become public to a wider audience.

### Take Inventory:

Regardless of sector, talent is the prime asset in the global economy. Organizations need to identify leaders in the organization who have both the readiness and willingness to take on the top positions. The assessment should reach deeper than the current leadership and management team, mapping competencies and assets of potential successors against the short, medium, and long-term goals of the organization.

### Perform Gap Analysis:

Utilizing the aforementioned assessment, organizations should view the gaps in leadership staffing plans as they relate to the broader strategic plan. Who in the organization will be willing and able to execute on the plans over the next decade and beyond? The participants in this survey paint a clear picture of the competencies necessary to run a large social sector organization. Leadership Team members have an appreciation and grounded understanding of the skills, dedicated work ethic, and breadth of exposures their CEO possesses (see Section 6: How Do Leadership Teams View The CEO Position). They are also very aware of their own skill gaps (see Section 2: Do Leadership Team Members Want to Become CEO?). Recognizing the skills gap and understanding the traits of a successful CEO, it should not be difficult to overlay a talent management system to meet succession needs.

## WHAT CAN BE DONE TO ADDRESS THIS LEADERSHIP CRISIS?

### Keep Succession Front and Center:

There is a real disparity between the CEOs and their Leadership Teams when it comes to development opportunities and programs (see Section 7: Employee Development Disconnect). While we are surprised and concerned that there is such a high number of Leadership Team members who do not aspire to become a CEO, we are equally shocked at the number who do aspire to the top job but either have not been considered or don't know whether they are in contention. This is the conversation that needs to happen. Both the CEO and successor candidates should share the initiative. CEOs need to look for successors. Potential successors need to proactively declare their interest and find out what is necessary to be considered for the CEO role. CEOs need to create the conditions for these conversations to occur and establish the programs to train and retain those who have the talent and express the interest.

### Design Top Leadership Roles with the Next Generation in Mind:

The evidence is in: the next generation of social sector leadership does not have the same motivations as the Baby Boomer generation. They are more interested in a balance between work and life. If we continue to expect significant leadership positions to be 24/7, with extensive travel, significant fundraising, and other stressors, we will find real talent not wanting the top jobs. We need to evaluate these leadership roles to determine what is absolutely necessary for success. Boards and chief executives should pay more attention to leadership burnout and create a more balanced culture.

## APPENDIX A: METHODOLOGY

### Overview

Waldron and the Evans School of Public Affairs at the University of Washington jointly conducted the Social Sector Leadership Team and CEO surveys in March 2014. The Leadership Team survey targeted senior executives who reported directly to the CEOs of their organizations.

The Leadership Team survey was sent to 1,494 individuals with titles such as Chief Operating Officer, Senior Vice President, Executive Vice-President, and more. We received 85 responses for a response rate of 4.5%.

The CEO survey was sent to 403 individuals who were in the senior-most position at their organization, other than the board of directors. We received 54 responses for a response rate of 13.6%. All individuals worked in nonprofits, NGOs, or foundations in the United States with a minimum of \$100 million for operating budget or assets based on the most up-to-date IRS Form 990 information available. The survey was not otherwise advertised; only targeted individuals were able to answer. The sample includes individuals for whom a functioning e-mail address could be located; however the response rate does not account for emails that never reached respondents (i.e. were never opened or were diverted to spam).

The survey was conducted online. Participants were sent a description of the study, a statement of anonymity and confidentiality, and a link to the survey. The first survey questions verified their eligibility to be included. Survey topics included: demographic and organization information, perceptions of generational differences, career ambitions, perceptions of CEO competencies, and whether or not participants were being groomed for future leadership.

### Population Selection

Our goal for this survey was to examine social sector organizations that fit the standard nonprofit/NGO/foundation model in terms of mission and service delivery. With that in mind, we used the National Center for Charitable Statistics National Taxonomy of Exempt Entities (NTEE) codes to eliminate organizations that did not fit this model, such as hospitals, universities, and sports teams/associations. For more information about the codes contact [evans\\_waldron@waldronhr.com](mailto:evans_waldron@waldronhr.com).

### Age Splits

One focus of our survey was the differences in perceptions of the three main generations that make up today's workforce—Generation Y/Millennials, Generation X, and Baby Boomers. To gauge the

## APPENDIX A: METHODOLOGY

differences in perceptions, we decided to split respondents into one of two age groups, putting Millennials and Boomers in their own group, and cutting Generation X in half. The result was a 45 and under group and an over 45 group. This was done to ensure a large enough sample size in each group.

### Statistical Methods

Basic descriptive statistics were used to find frequencies and averages of answers to the survey questions. When appropriate, Z tests were used to discover if the proportion of answers between groups was statistically significantly different. For questions about generational perceptions, a Likert scale was used for the survey, and the results were analyzed using a chi-squared test.

### Totals

Some percentages may not total 100% due to either:

1. Respondents being able to select multiple answers OR
2. Rounding to the nearest whole number.

## APPENDIX B: TERMINOLOGY

**Academic Sector:** Education, research and teaching institutions of an educational nature including colleges and universities.

**CEO:** Chief Executive Officer (CEO) refers to the most senior executive and includes the titles of President and Executive Director (ED).

**Leadership Team:** The organization's most senior executives who report directly to the CEO.

**Nonprofit Organization:** A nonprofit organization is defined in this sample as a 501c(3) organization registered with the IRS. 501c(3) organizations are public interest charities that must operate in the public interest and are prohibited from distributing profits.

**Nongovernmental organization (NGO):** Nongovernmental organization or NGOs are nonprofit organizations. In many countries the term "NGO" is a more common term for nonprofit organization. In the U.S, the term "NGO" is often used to denote those nonprofits engaged primarily in international work.

**Social Sector:** Organizations that are not operated by the government and are not-for-profit businesses.

**Public Sector:** Institutions and agencies that are controlled and operated by the government.

**Private Sector:** For-profit businesses that are not controlled or operated by the government.

*For the purposes of this survey, we used the following generational classifications.*

**Baby Boomers:** The generation born just after World War II, 1945-1964.

**Generation X:** Commonly abbreviated to Gen X and born between 1965 and 1980; this is the generation born after the Western Post-World War II baby boom.

**Millennials:** Also known as the Millennial Generation or Generation Y and born between 1981 and 2000; they are the demographic cohort following Generation X.

## Acknowledgments

We gratefully acknowledge the individuals whose support and input made this endeavor possible, including the individuals who took the time to complete the survey.

## About us



# waldron

As the consulting partner strategic leaders choose to help attract, engage, and inspire effective leaders, Waldron provides a unique combination of executive search, leadership development, and career transition services across sectors and industries. Our passion is helping people and organizations realize their full potential and increase their impact. We are proud to be a Certified B Corporation™. [www.waldronhr.com](http://www.waldronhr.com)

For more information, comments,  
or questions, contact:

[Evans\\_waldron@waldronhr.com](mailto:Evans_waldron@waldronhr.com)

## **W** EVANS SCHOOL OF PUBLIC AFFAIRS UNIVERSITY *of* WASHINGTON

Over the past five decades, the Daniel J. Evans School of Public Affairs has built a reputation as one of the best public policy schools in the nation. The school, ranked among the top ten schools of public administration and policy nationwide, is defined by a tradition of rigorous study, innovative evidence-based research, and, most importantly, a commitment to public service. The Evans School has been nationally recognized for its expertise in the areas of Nonprofit Management, Environmental Policy and Management, Public Management Administration, and Public Policy Analysis. [www.evans.uw.edu](http://www.evans.uw.edu)

**W** EVANS SCHOOL OF PUBLIC AFFAIRS  
UNIVERSITY *of* WASHINGTON



waldron