

## NONPROFITS – A CRISIS OF SUCCESSION

### The Looming Crisis

75% of nonprofit executive directors plan to resign in the next five years or less.<sup>1</sup> By 2016 the nonprofit sector will need 80,000 new senior managers each year, 40% more each year than is currently required.<sup>2</sup> With these stark statistics one would think that succession planning would be top of mind for most nonprofits, but only 29% have succession plans in place.<sup>3</sup>

Succession planning will be the number one crisis facing nonprofits in the coming years and many will not survive as a result. Demographics aside, here are three major reasons why nonprofits must engage in succession planning now to stay in business for the future.

### Key Reasons to Engage in Succession Planning

- **Funding** – Scrutiny among foundations and private donors is growing. In the future, many will simply withhold funds to nonprofits that cannot demonstrate continuity in leadership. As more organizations vie for funding from non-government entities, the demand for succession plans will rise.
- **Retention** – After passion for the mission, professional development is the second most important reason nonprofit executives take new jobs. Organizations that do not plan for succession send a clear message to their top talent that professional development is not valued.
- **Board Fatigue** – Many board members are simply weary to commit more time, money and contacts to leaders who seem ready for retirement or are not open to fresh ideas. For prospective board members, the prospect of new leadership will be the necessary step to gain their support and engagement.

### The Time Is Now

Generational shifts among stakeholders, emerging communication technologies and rising economic uncertainty have changed the playing field and what's required of nonprofit leaders. Nonprofits are clearly struggling in the most challenging times since the Depression and most do not feel capable of planning past the next fiscal year. That being said, not engaging in succession planning will be a huge disservice to the communities they serve. What does this mean for the nonprofit organizations that you work for or support? What could you do to help ensure their sustainability?

### About the Interchange Group

The Interchange Group is a national consulting firm specializing in the impact of demographic shifts on the workplace. We partner with mid size and large employers in the public and private sector to design and implement targeted onboarding, leadership development and succession planning initiatives to meet the needs of a changing labor market. For more information and tips on succession planning for the nonprofit sector, please contact us at [www.interchange-group.com](http://www.interchange-group.com).

<sup>1</sup> Jeanne Bell, Richard Moyers, and Timothy Wolfred, *Daring To Lead 2006: A National Study of Nonprofit Leadership* (CompassPoint 2006).

<sup>2</sup> Thomas J. Tierney, *The Nonprofit Sector's Leadership Deficit* (The Bridgespan Group 2006).

<sup>3</sup> Jeanne Bell, Richard Moyers, and Timothy Wolfred, *Daring To Lead 2006: A National Study of Nonprofit Leadership* (CompassPoint 2006).