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# The Nonprofit Sector: Examining the Paths and Pathways to Leadership Development

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A changing nonprofit environment, stronger demands for nonprofit services and an impending leadership deficit has caused the nonprofit sector to place an even greater emphasis on leadership and leadership development. This research examines the changes in the sector and the skills required of leaders to adapt to these changes. Interviews with current nonprofit leaders, aspiring leaders and directors of nonprofit management programs shed light on the trends in leadership development, the challenges and opportunities, and recommendations for the sector. Aspiring nonprofit leaders, universities and nonprofit organizations can all play a role in ensuring the future success of the nonprofit sector by developing quality leaders.

## **Keywords**

nonprofits, leadership, trends, business education, career development

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Lisa Jiang  
*The Wharton School*  
*University of Pennsylvania*

May 2008

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## **Chapter 1: Introduction**

### 1.1 Introduction

The nonprofit sector is an integral part of American society. Not only does it address the social needs that for-profits and governments often cannot or choose not to reach, but it also has a strong impact on the economy. Nonprofits make up 5.2 percent of gross domestic product (GDP) and 8.2 percent of salaries and wages paid in the United States (Nonprofit Almanac, 2007). Furthermore, it employs 1 out of every 12 Americans and yields over \$1 trillion in revenues each year (Yzaguirre, 2007). In 2005, individuals, corporations and foundations gave \$260 billion to American nonprofits and the following year, contributions in the United States reached an all-time high with donations totaling \$295 billion (Tudose, 2006; National Philanthropic Trust, 2007). There are currently 1.4 million registered nonprofits that range in size, scope and mission. Nonprofit organizations serve many social causes ranging from higher education, arts and culture, employment and training advocacy, emergency aid, community development, hospital care and social services.

The nonprofit landscape today is much different than it was twenty years ago. Revenues of nonprofits have increased 144 percent, nearly doubling that of the nation's economic growth (Salamon, 2002). Beyond revenues, Salamon's study (2002) also highlights the growth in the number of nonprofits – rising 115 percent from 1977 to 1997. Both private foundations and individual giving more than doubled from 1996 to 2006 (Combi, 2008). In the past ten years, foundation and corporation giving increased by 197 percent and 69 percent, respectively (Combi, 2008). The extraordinary growth of the sector only begins to describe the changes in the sector.

Beyond sheer size and revenue growth, the nonprofit sector has also matured. It now faces increased competition, both from the private and public sector, and a greater demand to

“professionalize.” These changes in the environment have put more pressure on nonprofit executives and managers. Unlike in the past, there is a greater emphasis on leadership that goes beyond simply knowing how to manage an organization. Not only must nonprofit executives exhibit the qualities of passion, dedication and vision, but due to the maturation of the sector, they must also be more business-minded and technical. In today’s nonprofit world, leaders are required to have a balance of hard and soft skills and a mix of domain-specific knowledge and management experience. But finding people with all of these qualities is proving to be difficult.

Just as the demands on nonprofit executives and the importance of leadership continue to grow, the nonprofit sector is facing a new crisis. Research suggests that there is a growing leadership deficit in the nonprofit sector due to the retirement of the baby boomers, the changing nonprofit environment and the growth of the sector. A survey by Bell, Movers and Wofred (2006) found that a quarter of executive directors were planning to leave their positions in the next five years and 9 percent were already in the process of leaving. Even more alarming, the study revealed that of those who intended on leaving, less than a third had discussed succession planning with their board. Thomas Tierney (2006) suggests that, in order to support the sector’s growth, nonprofits will need to recruit and develop 640,000 new senior managers – nearly 2.5 times the number currently employed in the sector for the next decade (Tierney, 2006). Beginning in 2016, 80,000 new executives will be needed each year in nonprofit organizations (Tierney, 2006). These upcoming leadership demands have raised concerns and have placed an even greater emphasis on leadership development.

When considering the necessary actions that can be taken to ameliorate the impending leadership deficit, several ideas have been proposed. Tierney (2006) outlines three major actions that must be undertaken: 1) invest in leadership capacity; 2) evaluate management compensation;

and 3) enhance career mobility and explore new talent pools. Other reports place an emphasis on areas such as private-public partnerships, mentorship programs and generational knowledge transfer.<sup>1</sup> While there are many facets to handling the leadership crisis, one solution that is recommended is increasing investments in leadership development, supporting Tierney's points on leadership capacity and career mobility. The research presented in this paper will focus on leadership development in the nonprofit sector.

## 1.2 Research Questions and Organization of Paper

The purpose of this research is to explore leadership development in the context of changing nonprofit conditions, leadership requirements for the sector, and current training and development opportunities. The focus will be on career training and development as well as graduate school education. These two areas provide a good overview of actions that can be taken in both the nonprofit and academic setting. With that, three main research questions will be addressed in this paper:

- 1. What are the requirements for nonprofit leaders today? How has this changed from the past?** The next section on Background Information will examine the current nonprofit environment and how it has evolved over time. There is a clear difference between the past and today, which can be summarized by comparing the old and new models for nonprofits. The changes in nonprofit organizations also affect the leadership requirements. Since leadership is an integral part of any organization, this section will also explore the dynamics of leadership in both the nonprofit and the for-profit sectors.

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<sup>1</sup> Reports include *Building Movement: Inspiring Activism in the Nonprofit Community – Generational Leadership Listening Sessions* by Frances Kunreuther et. al and *Investing in Nonprofit Talent – It's Not Overhead, It's Essential* blog post by Carol Thompson Cole

2. **What kinds of career development or training and education are currently being used to develop these skill requirements?** After describing the methodology used in the research in Chapter 2, Chapter 3 on Analysis will outline the major findings from the interviews with current nonprofit leaders and educators. This section will explore current leadership development opportunities and how they have affected individual careers. Themes will be centered on current nonprofit leaders, graduate school education and career development in nonprofit organizations. Chapter 4 will be a discussion of the findings.
3. **And finally, what are the implications for aspiring nonprofit leaders, universities and nonprofit organizations?** The final portion, Chapter 5, will discuss the implications and provide recommendations for aspiring leaders, universities and nonprofit organizations. These stakeholders all play a role in supporting leadership development for nonprofit organizations.

### 1.3 Background Information

#### *Changing Nonprofit Environment*

The sector has grown in both size and importance. More than nine percent of today's population works in the nonprofit sector, compared to less than 1 percent in the 1900s (Kunreuther, Blain and Fellner, 2002). The number of nonprofit organizations in this country has grown from 793,000 in 1982 to over 1.4 million in 2007 (Kunreuther and Corvington, 2007). Due to the extraordinary growth in nonprofits, the competitive environment within the sector has also escalated as nonprofits are not only competing amongst each other, but also with for-profit enterprises serving similar purposes. The increased competition has only intensified the search



for government and private funding. Another significant change has been a shift in responsibility. Government has deferred much of its responsibility in the social sector to nonprofit organizations (Kunreuther and Corvington, 2007). Even with increased social demands from different population groups, the government has continued to reduce its spending, making America more reliant on nonprofits to replace much of the government's role in serving the community. In summary, nonprofit organizations are now being asked to do even more with fewer resources.

As a result of declining government financial support, slow growth in private giving and increased growth and competition, nonprofit organizations have been forced to operate more efficiently. There is also added pressure from government and private funders for more professionalism and business orientation in the sector (Kunreuther and Corvington, 2007). More importance has been placed on “accountability, effectiveness and results-based outcomes, additionally stressing nonprofit operations” (Kunreuther and Corvington, 2007, p. 4). These pressures on the nonprofit sector, as Salamon and Young (2002) describe, have led to what they call “marketization” of the nonprofit sector – citing this as the first time that nonprofit organizations have embraced this level of commercialization and integration of market forces into nonprofit operations.

The changes in the nonprofit sector depict an area maturing from its grassroots beginnings to a more formalized, professional industry. It appears that through this evolution, a new model for nonprofits now exists. The old organization of nonprofits can be described as traditional nonprofit groups that have not adapted to the changing nonprofit landscape. Many of them are grass-roots efforts that still measure their output through anecdotal results. Executive directors of these organizations tend to be the founders from the 1960s and 70s who have

backgrounds in social welfare, psychology and social work. They have not adapted to any of the marketization described by Salamon and Young such as starting fee-income businesses<sup>2</sup> or participating in any marketing and sales activities. Technology in these organizations is still limited and often not utilized. The old model for nonprofits has not kept pace with the changing nonprofit environment and is thus poorly-equipped to compete in the nonprofit environment today.

The new model for nonprofits has, in contrast, embraced the changes in the sector. Due to the rapid growth and increasing demand for its services, nonprofit organizations are feeling more pressure to stay relevant and accept the competitive environment. Young and Salamon (2002) introduce six trends that may exist in the new nonprofit model. First, there have been multiple sources that have added increased pressures on nonprofit organizations to be more engaged in the prevailing market system.<sup>3</sup> Second, the nonprofit sector is seeing a growth in fee income, which is generated from business-like activities including: tuition from education institutions, facility rentals and gift shop merchandising. In 2004, 70.9 percent of nonprofit revenues came from fee for services and goods (NCCS National Nonprofit Research Database, 2004). This is quite a jump from 1997 when Salamon reported only 49 percent of revenues from commercial sources. This is just an indication of the growing sophistication and pro-business mentality of today's nonprofits.

Next, Salamon and Young see more integration with the private sector through "social purpose enterprises" or "social ventures." These hybrid models pursue social missions through

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<sup>2</sup> Fee income is revenue that nonprofits earn from commercial activities that look very similar to the businesses of profit-making enterprises. These activities may include: admission and membership fees, facility rentals and gift store merchandise sales.

<sup>3</sup> These sources include: declining government financial support, slow growth in private giving, increased service demands from widely disparate population groups, growing competition from for-profit and nonprofit organizations, increased accountability demands and the increasing presence of potential corporate partnerships. (Salamon and Young, 2002).

traditional business means. New models are also developing more partnerships with the corporate world, which has provided benefits to both parties. These symbiotic relationships benefit businesses by enhancing the corporate image and providing new sources of potential employees and untapped markets. Likewise, nonprofits benefit from corporate donations, sponsored events, and other resources.

One notable trend in the new model is the incorporation of the market culture. Nonprofits have become increasingly market-focused. Organizations are spending more time planning and strategizing, in order to develop ways to differentiate against themselves from their competition. They are no longer shy about advertising their services or creating market niches. The nonprofit sector's engagement with the private sector has provided organizations with new opportunities. The sector gains from new insights, energy and creativity as well as previously untapped private resources. Nonprofits' ties with the market also mean organizations can be less reliant on government and private funding, leading to greater sustainability. Nonprofit organizations are also beginning to build intricate organizational structures or replicate corporate-style boards. Other important features of the new nonprofit model include a focus on measurement and the adoption of new technologies. Nonprofits are becoming more and more concerned with effectiveness and performance alongside greater demands for transparency and accountability. And leveraging technology has become even more important for improving efficiency and productivity. Below is a table outlining some of the main differences between the old and new model of nonprofit organizations.

Table 1. Comparison of old versus new Model of Nonprofits

	Old Model of NPOs	New Model of NPOs
<b>Inbound Logistics (inputs)</b>	-Heavily government supported -Mainly fundraising	-Growth in fee-income services -Corporate partnerships
<b>Operations/Work</b>	Grassroots operations, Activism	-Greater engagement with market systems (commercialization of nonprofit sector)  -Nonprofit and for-profit lines blurred
<b>Outbound Logistics (output)</b>	-Limited measurement -Anecdotal reporting common	-Expectations of measurement and metrics  -Heavily evaluative
<b>Marketing and Sales</b>	Limited	-Differentiation/Developing market-niches  -Marketing – branding and advertising more common
<b>Service offering</b>	Varies	Varies but more “social purpose enterprises” and “social ventures”
<b>Procurement/Partners</b>	Government and local communities	Increased corporate involvement
<b>Technology</b>	Limited	More advanced, though still less compared to for-profit
<b>Human Resource Management</b>	-Primarily focused on hiring and minimal effort in training and development  -Tenure-based promotions	-More structured, thoughtful  -Larger organizations have systems in place and specific individuals devoted to hiring  -Creation of professional development and capacity building -Performance-based hiring
<b>Firm Infrastructure (organizational structure, culture)</b>	-Grassroots mentality, individual operations  -Founders are still running organizations	-Engaged with other nonprofits and other sectors -Increased professionalism, entrepreneurial  -More intricate organizational structures

*Leadership Requirements*

Having identified a new model for nonprofit organizations, the demands on their leaders will inevitably be different and require a new set of skills. It is important to outline the leadership requirements for nonprofit managers working in this new model. Since much of the new model for nonprofits adopts practices in the private sector, leaders are encouraged to be much more business-oriented and technical than in the past. Expected skills include solid bookkeeping, reporting and measurement mechanisms. They must be adept at managing human resources, team dynamics and office communications as well as marketing, operations, finance, strategy and utilization of technology. Business skills are obviously much more valuable and relevant in today's nonprofits. The next page outlines the key differences between leadership in the new model versus leadership from the old model.

Table 2. Comparison of old model versus new model for nonprofit leadership

	<b>Old model for NPO leadership “Administration/Supervisor”</b>	<b>New Model for NPO leadership “Management/Executive”</b>
<b>Background</b>	<ul style="list-style-type: none"> <li>-Knowledgeable around subject area</li> <li>-Built on sense of activism, visionaries, lead by example</li> <li>-Founders from the 1960s and 1970s</li> </ul>	<ul style="list-style-type: none"> <li>- More business-orientation (Include skills such as budget planning, effective and ethical operations, risk management, financial reporting, public relations)</li> <li>- May have both nonprofit and for-profit experience</li> <li>-More experience in leadership roles</li> </ul>
<b>Education/ Training</b>	<ul style="list-style-type: none"> <li>-No formal training in managing nonprofit organizations</li> <li>-Learned through experience</li> <li>-Typically include background in specific domain areas (ie – Education, public health, domestic violence, environment, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>- Have formal education in management and leadership, often hold advanced degrees</li> <li>- Lack work experience and knowledge of domain-specific content</li> <li>-Seek out professional development and leadership training</li> </ul>
<b>Career Goals</b>	<ul style="list-style-type: none"> <li>-Built on passion</li> <li>-Stay with same organization for extended amount of time</li> </ul>	<ul style="list-style-type: none"> <li>-Multiple career paths, moving across sector</li> <li>- Commitment sometimes questionable (time/energy)</li> </ul>
<b>How built organization</b>	<ul style="list-style-type: none"> <li>-Built organizations to reflect values, singular mission</li> </ul>	<ul style="list-style-type: none"> <li>- Built organizations to reflect values, mission AND the “market” and the “customers”</li> </ul>
<b>Working Style</b>	<ul style="list-style-type: none"> <li>-Demanding workload (little division between work and home life)</li> </ul>	<ul style="list-style-type: none"> <li>-Value work/life balance</li> </ul>
<b>Decision-making Process</b>	<ul style="list-style-type: none"> <li>- Concentrated decision-making</li> </ul>	<ul style="list-style-type: none"> <li>-Consensus decision-making</li> <li>-Use of peer networks, peer learning</li> </ul>

While nonprofits are adopting many of the business practices in the private sector, there are still unique features to nonprofits that make the leadership position different from leaders in the for-profit sector. Some of these unique features and the leadership requirements are outlined below.

1. **Fundraising** - The way nonprofits obtain funding is quite different in that they are typically derived from individual donors, government agencies, foundations, fee-incomes and partnerships with for-profits. Given the number of sources nonprofits can obtain funding from, executive directors must understand the advantages and disadvantages of each source as well as skills in how to apply for funding (ie – grant writing).
2. **Decision Processes and Multiple Stakeholders** – In nonprofit organizations, managers must learn to balance the interest of multiple stakeholders. They must answer to a board of directors, funders, and the clients they serve. There is also a distinction between consumers and customers. Consumers are the people who are being served whereas the customer are usually the funders. While for-profit entities also have responsibilities to their shareholders, customers and board, their fiduciary duty still lies with the stockholders. With more stakeholders to report to, nonprofit decision processes may also be more complicated. Decision-making happens most often in a group setting rather than on an individual basis (Collins, 2005) so there is a culture of consensus building. As Jim Collins (2005) illustrates, “Social sector leaders are not less decisive than business leaders as a general rule; they only appear that way to those who fail to grasp the complex governance and diffuse power structures common to social sectors.”
3. **Incentives** – While leadership at a high level is no different for the nonprofit and for-profit sector, leading nonprofits take substantially more persuasion and motivation.

Nonprofit leaders are often tasked with motivating a staff without the financial incentives. This may be an area the for-profit sector can learn from nonprofits. As James MacGregor says, “True leadership only exists if people follow when they have the freedom not to” (p. 12).

### *Leadership Demand*

Leadership is the single most important factor in determining the success of the nonprofit sector, but as research has shown, the sector is in desperate need of more quality leadership. “At the heart of solving the executive leadership deficit is first understanding the leadership model for the future” (Spillet, 2006). This paper provides more insight on the leadership requirements for this new model and examines the current leadership development trends in the sector. While attracting new people to the sector can help in terms of more volume, it will not solve the leadership crisis. The nonprofit sector needs quality leadership, which can only be achieved by understanding how to train and develop people for the new leadership role in the nonprofit sector.



## **Chapter 2: Methodology**

### **2.1 Overview**

To understand the current nonprofit landscape, I conducted research on the changes in nonprofits, the type of leaders needed to fill executive positions, and the current resources available to aspiring leaders. Three types of research were conducted – a literature review, archival research and individual interviews.

### **2.2 Literature Review and Archival Research**

The literature review and archival research focused on understanding the topic areas above as well as documenting the changes in the nonprofit sector and the resources available in graduate school education and training and development within the nonprofit organizations. The sources were aggregated and tied to findings from interviews with nonprofit leaders and graduate schools. I used archival research to categorize graduate school programs by various national ranking reports, nonprofit or social entrepreneurship program offerings, and student involvement in social activities. The majority of research was done through a scan of popular media sources, literary journals and books, as well as reports from prominent research institutions.

### **2.3 Interviews**

In order to enhance the literature review on the subject of nonprofits and nonprofit leadership, I conducted individual interviews. The interviews served as the foundation for this paper. Two separate studies were conducted – one focused on nonprofit leaders and their experiences in the field and another focused on graduate school education, specifically universities that had or were interested in developing a nonprofit management/leadership program. It was important, given the research questions presented, to understand the nonprofit

sector through the eyes of the leaders in the sector as well as through the educators of these aspiring leaders.

*Study 1: Nonprofit Leaders*

The Nonprofit Leaders Study composed of approximately twenty-five (25) semi-structured interviews with nonprofit leaders (17), graduate students at the University of Pennsylvania's Nonprofit/NGO Leadership Masters Program (4) and field experts on leadership in nonprofits (4). Interviews were conducted over the phone and took approximately thirty to forty-five minutes.

Approximately forty-three (43) individuals were asked, via email, to participate in the study, netting a successful response rate of 58%. Most contacts were found through the Wharton alumni database or from individual referrals. Interviews were conducted between the months of late January and early March. The interview guide used for each group was slightly adjusted based on their relevant background. (*See Exhibit 1 in the Appendix for a sample of the interview guide, see Exhibit 2 in Appendix for a list of individuals interviewed, see Exhibit 3 in the Appendix for demographic information*).

The seventeen (17) current leaders consisted of members of nonprofits serving in executive director, chairperson, or upper management positions. There was a predominance of females, which accounted for fourteen (14) of the seventeen (17) interviewees. By nature of the type of individuals contacted (primarily Wharton alumni), 94% of the individuals had a Wharton undergraduate or graduate education and all subjects had obtained an advanced degree. The career path of these individuals varied greatly with experiences in areas such as investment banking, marketing management and government.

Of the four (4) student candidates from the Masters in Nonprofit/NGO Leadership, three (3) were female. Each had varying backgrounds prior to entering into the Masters program. While two had previous experiences in for-profits, the other two had been in the social sector throughout their career. Academic interests and post-graduation plans also varied among the nonprofit leadership candidates. Two were interested in careers in education; the remaining were interested in nonprofit effectiveness and advocacy, respectively.

Finally, there were four (4) individuals who can be considered field experts in nonprofits for their extensive roles and experiences in the sector. David Simms is currently a managing partner at Bridgestar, an organization dedicated to increasing the flow of passionate and highly skilled leaders into and within nonprofit organizations. Linda Frank is the former director of human resources at the Rockefeller Foundation where she focused on the recruitment of senior leadership and staff development. James Lytle, a professor in the Graduate School of Education, was also interviewed as a field expert for his background as a former superintendent for Trenton, New Jersey, Public Schools and various leadership capacities in the School District of Philadelphia. Finally, the president of a local Philadelphia leadership development and networking organization, Elizabeth Dow, spoke about her experiences, having trained hundreds of leaders in both the for-profit and not-for-profit sectors. The different backgrounds from which each field expert had seen leadership in the nonprofit sector served to provide some unique perspectives.

### *Study 2: Graduate Schools*

I also conducted interviews with top-ranked graduate programs in the country that offer or have an interest in developing nonprofit or social enterprise programs. Business schools have a unique opportunity to contribute to leadership development in the nonprofit sector. They teach

a specific set of business and leadership skills that can be applicable to the social sector. Given the number of nonprofit leaders that were interviewed in the previous study who had received a Masters in Business Administration, it made sense to also investigate the educational benefits of a business education and what programs were being offered today at today's premier business schools.

After conducting an overview analysis of the various business programs in the United States and evaluating various ranking metrics (US News & World Report, Aspen Institute, Social Enterprise Reporter, and Financial Times), ten (10) schools were chosen and asked to participate in the research study. Five (5) schools agreed to participate – Stanford Graduate School of Business, Duke University's Fuqua School of Business, Northwestern University's Kellogg School of Management, Michigan University's Ross School of Management and the Wharton School of the University of Pennsylvania. Each school offered very different programs in nonprofit leadership/management or social entrepreneurship. (*See Exhibit 4 in Appendix for an outline of the various program offerings*).

Interviews with the program director or associate director were conducted over the phone and usually lasted for thirty to forty-five minutes. Interview questions were provided to them prior to the interview. (*See Exhibit 5 in Appendix for a sample interview guide*).

#### 2.4 Potential Limitations

Given the resource and time constraints for this project, the research study had several limitations. The number of interviews conducted (25) may have limited the breadth of experiences nonprofit leaders face. However, the individuals interviewed did have very diverse experiences that allowed for a rich analysis.

The study may also fall victim to selection bias and self-justification bias. Given my limited resources and contacts, it was reasonable to reach out to individuals of the Wharton community. The contact information was more readily available and the respondents were more supportive of students from their alma mater conducting research. However, a strong dominance of Wharton backgrounds could skew the analysis. Some questions about their opinion of graduate school education and the value of their own education may be biased as they have all received this education and were aware that the interview was conducted by a student currently enrolled in an undergraduate business program.

These same biases may exist for the interviews with graduate schools. It is likely that the schools that chose to participate in my study had an interest in the research I was doing as well as a confidence in their own programs. While some schools expressed interest in being a part of the study, but were constrained on time, others simply declined to participate. The schools that did participate may have only highlighted the positive programs available. These limitations need to be taken into consideration throughout the analysis.

Finally, in both set of interviews with nonprofit leaders and educators, a set of scale questions were given to gauge a quantitative metric for their opinions. This information did not prove to be very useful since the average and median scores did not provide any useful insight. Most people chose to remain neutral in tougher questions and there was very little polarization in their responses. This section was removed since it did not add much value to the analysis.

## **Chapter 3: Analysis**

Through a total of 25 interviews with current nonprofit leaders, aspiring leaders and field experts, three main themes emerged about their backgrounds and impressions of the sector. It is important to note that while this research has attempted to interview an extensive number of diverse individuals in the field, the findings may not represent the entirety of an individual's experience. Nonprofits vary in size, culture, structure and mission. What these findings depict are just some of the views of nonprofit leaders on the field.

### **3.1 Themes about Nonprofit Leaders**

Current and aspiring nonprofit leaders discussed their experiences in the nonprofit sector and three main themes emerged from the conversation. First, there is a trend towards increased cross-sector mobility. More and more individuals are moving from one sector to the next, and sometimes numerous times. Associated to the cross-sector mobility are the different pathways people took to get to their nonprofit position. Unlike some careers in the for-profit, there is no predetermined track to leadership positions in nonprofits. And finally, nonprofit leaders are reporting an increased sense of professionalism and business-orientation in the nonprofit sector, which affects the training and development of new leaders in the sector.

#### *Increasing Cross Sector Mobility*

From the interviews with nonprofit leaders, all but one had experienced working in multiple sectors. For example, David Simms, a managing partner at Bridgestar, has led a colorful career moving from the private sector (Bain & Company) to the government sector (White House Fellow), back to the private sector (starting his own consulting firm) and finally to multiple roles in the nonprofit sector (American Red Cross and now Bridgestar). His experience

moving from one sector to the next is much more common in today's nonprofit environment, so common that Bridgestar has coined the term "Bridgers" to describe cross-sector professional movers. These are individuals who have transitioned to the nonprofit sector for reasons both personal and professional. Bridgestar (2007) describes this trend as somewhat recent, beginning in the mid-1990s, many who have led successful private sector careers have decided to pursue senior management positions within the nonprofit sector. There are multiple reasons for this new trend in bridging.

1. **Personal Reasons** - One respondent, Elizabeth Dow, of Leadership Philadelphia, describes entering the corporate world because she wanted to make enough money to support her family but did not particularly like the value system or the corporate politics. She decided to make the switch when someone asked her to run Leadership Philadelphia. While she faced a dramatic pay cut, she knew the culture and environment at Leadership Philadelphia was what she desired. Having been a leader of Leadership Philadelphia for over 15 years, she has really grown to love her work because she knows what she is doing is important, valuable and will leave a great legacy.
2. **Attractiveness of Work** - Katherina Rosqueta of the Center for High Impact Philanthropy at the University of Pennsylvania discussed her fascination with the interesting challenges and important questions nonprofits face. She never thought of herself as much of a "do-gooder" but rather was much more interested in addressing tough issues that were intellectually stimulating. This ambition to tackle challenging social issues resonated with several respondents. One interviewee had a lot of interest in making nonprofits more efficient and valuable, and found herself motivated to get involved by the sector's operating problems. Jill Helme, a student in the Masters in

Nonprofit/NGO Leadership program at Penn described her own motivation. “I sort of stumbled into teaching and often worked with at-risk kids, where it was like, no matter where I went, the problems they faced were always the same. I knew I wanted to do something about it.” The drive to do meaningful and challenging work often makes the job much more attractive than for-profit opportunities.

3. **Dissatisfaction in for-profit position** - Others were not happy with their for-profit career and decided to pursue something different. Julie Rowe had felt like she wanted to do something in nonprofits, but felt the pressures of Wharton and her peers and eventually took a position in a small consulting firm. She found the position, “not fulfilling at all” and decided to pursue, very early in her life, a career in nonprofits.
4. **Professional Development and Career Fulfillment-** As one respondent describes, “the way the economy is developing, people are looking to develop lots of different skill so the mobility bodes well for nonprofits since people are not locked in.” Leslie Benoiel of the Philadelphia Development Partnership has seen more students express an interest in nonprofit careers even after spending some time in the for-profit sector. Reasons for the job changes include interest in expanding their experiences and skills and desire to give back to the community after having led a full career in the business world. Richard Perkins spent 25 years in the for-profit sector but is now the Chief Financial Officer for the Kimmel Center. Having always had an interest in music and the arts, Perkins found this to be the perfect opportunity. Not only would he learn a lot from the organization, but it was also a place where he could make substantial contributions. If he knew everything, as he puts it, “it wouldn’t have been as interesting of a job.” This sentiment was echoed by Deborah Close, who serves as Chief Information Officer of the Doris



Duke Charitable Foundation. Having spent 24 years with AT&T, she decided to retire. At the same time, the Doris Foundation was looking for a senior leader with her exact background. Deborah Close saw this as a chance to give back and have a meaningful second career. No matter the reason for entering the sector, all the individuals that were interviewed echoed the same response- that it was much easier and more commonplace today than ever before for individuals to bridge their experiences from the for-profit to the not-for-profit sector.

### *Multiple Pathways*

Given that the reasons for those who have chosen to enter the nonprofit sector varied among the interviewees, it is no surprise that their paths are also quite varied. The entryway into the nonprofit sector did not always begin from the same place, but there were three launching points that were most common.

1. **Volunteering** – Exposure to nonprofits through volunteering and serving on boards often helped influence individuals to make the switch. Karen Berman had always enjoyed volunteer work but thought that she would not go into nonprofits until later in her life. However, through a peer's encouragement, she did some consulting work with a woman who used to manage McKinsey and Company's nonprofit consulting practice. Through that experience, she made a few contacts and came upon the Youth Renewal Fund, where she is today. Likewise, Jody Ellant of Keep the Children Safe had done a lot of volunteering in her community and served on a local government board. Through those experiences, she was then recruited to join the Keep the Children Safe organization. In both cases, volunteer work motivated them to pursue careers in nonprofits.

2. **Nonprofit Experience in For-Profit Setting** – A few individuals, like Simms and Rosqueta, received the opportunity to participate in nonprofit ventures in their for-profit careers. Their time as management consultants gave them the opportunity to acquire new skills such as developing client relationships and solving strategic issues. Furthermore, pro-bono projects with nonprofits also allowed them to apply their newly acquired consulting skills within a nonprofit context. These experiences encouraged their later pursuits in nonprofit organizations. Cheryl Casciani began her career in the oil industry, but also did some work with Junior Achievements. Through that experience, she decided to pursue graduate school focused on education policy. This pathway is quite unique, highlighting how businesses provide unique learning experiences for its staff, while exposing them to the nonprofit sector.
3. **Education** – And for the graduate students currently pursuing their Masters degrees in Nonprofit/NGO leadership, they have purposely chosen a formalized education to prepare them for future leadership roles in the nonprofits. These programs offer 1) an opportunity to learn how to think strategically about issues surrounding nonprofits, 2) give credibility to their studies, and 3) provide students with a strong network of peers.

In just twenty-five interviews, various career paths were chosen by individuals, showcasing the diversity of opportunities that exist for each person.

### *Transferable and Unique Skills*

The following table outlines the similar and unique features of nonprofit organizations and private corporations. While many aspects of the private sector carry over to the nonprofit sector, making the transitions for bridgers fairly straightforward, there are features distinctive to

nonprofit organizations. These traits cannot be replicated in the for-profit and require a unique set of skills from nonprofit leaders.



**Table 3: Comparison of nonprofit and for-Profit organizations: An outline of transferable and unique skills in nonprofit**

When asked how difficult the transition had been for nonprofit leaders who bridged between sectors, most reported an easy transition. The following features were reported to be similar for nonprofit and private organizations. Skills in these areas were easily transferable to nonprofit leadership positions.

1. **Accountability and transparency** – Organizations in both sectors are increasingly pushed to be more transparent and accountable for their activities. Sherryl Kuhlman

attributes this to notable nonprofit scandals like United Way that breached the trust of the nonprofit community. She also sees the internet as another mechanism that has made it easier for people to conduct research about organizations. Nonprofits, to be successful, must be open to scrutiny just as in the for-profit sector. Leaders in the organization must be well-equipped with book-keeping and reporting ability.

2. **Organizational management** – Good management skills are required in any sector. The basics of running an organization – recruiting new employees, managing team relationships, communicating with staff and being entrepreneurial – is just as important in the public sector. Hayes says, “We expect people in nonprofits now to have much stronger management and entrepreneurial skills than a generation ago. What this means is that they need to know how to run an organization from the inside out and to know how to build an organization. This is extremely important.”
3. **Business orientation** – Although discussed in more detail in the next section, increased professionalism in the sector has also pushed nonprofits to be more business-oriented. This translates to more emphasis on conventional for-profit skills like marketing, operations, finance and strategic thinking. Technology expertise will also be highly valued. “Hard business skills,” as Karen Berman describes, “will be in much higher demand in today’s nonprofit.”

Despite the similarities, there are several unique qualities of the nonprofit sector that make the leadership role very different and often times more challenging environments to lead.

1. **Decentralized decision-making** - For those who had spent many years in the business world, they were often accustomed to quicker timelines and more centralized decision-

making. Whereas, once they began in the nonprofit sector, they had to adjust their working style to fit the less corporate culture. In nonprofits, projects that would typically take weeks in the for-profit may take months or even years in a nonprofit. Many respondents discussed the slower pace felt around many nonprofits. This may be tied directly to the more decentralized decision-making process common in the social sector. Having to make decisions with multiple parties including: a staff, a board of directors, volunteers and members of the community can be difficult. One respondent described her frustration with reporting to a part-time nonprofit board and not seeing decisions made on time – “Since the board is not full-time, you have to often follow their schedule, a decision that needs to be made by Monday may often fall through the cracks and may not be made by Friday or even later.” Frustrations with multiple stakeholders and unresponsive boards can dishearten even the most capable nonprofit leaders.

2. **Multiple constituents and influence skills**– Having multiple constituents not only slows down the process, but also makes getting to the right decision much more difficult. Nonprofits have a culture of consensus building and group decision-making, which makes the leadership role much more convoluted. It creates complexities that are less apparent in other sectors. A leader in the nonprofit must be well-equipped with influence skills to get things done. As Elizabeth Dow illustrates:

You are always asking for favors. Instead of using the financial bank, I had to use the favor bank by leveraging the relationships I made over the years. In a corporate world, you have influence by nature of your credentials, experience and job title and people do things by virtue of your position. In the nonprofits, your influence skills have to be dramatically better because you are asking people who don't work for you

to do things that are hard and, often times, on a volunteer basis. You must have the type of personality where people will take your call and say yes to you.

There is a greater demand for interpersonal skills when working in a nonprofit organization.

3. **Mission-driven environment** – Bridgers typically need to learn how to lead in a mission-focused organization. For most, the adaptation usually comes naturally as most join, believing in their nonprofit's mission. However, getting other people's support is a lot tougher. As David Simms explained, "Nonprofit leadership is in many ways similar to leadership in any sector. What is different in nonprofits is that because you don't have the same economic motivators to get people aligned, you really have to make sure you are connecting with people in a way that really resonates emotionally with them." In conversations about the leadership deficit, interviewees discuss how they have seen their peers "burn-out." Often-times the long hours, the level of intensity of the work, and the social injustices people are working to improve can be emotionally and physically draining. But at the end of the day, the executive director must be able to motivate others to work as hard as they do and to have the same vision and enthusiasm to accomplish the mission of the nonprofit.
4. **Compensation and work hour** - A few individuals discussed the inevitable financial and time factors that made the transition more difficult. But they understood the sacrifices that they would have to make. Leslie Benoliel, who had worked in investment banking, knew the decision she was making. "I understood the compensation difference, but I felt as though I was young enough that time and experience was more precious than money." Others were ready for the challenge. As Cheryl Casciani of the Baltimore Community Foundation put it, "[In nonprofits], you work a thousand times harder, they can't even

come up with a private sector job that is as difficult as running a nonprofit. I defy them. You pick your company, your level, I don't care - there is just no comparison." She finds her experience in the nonprofit sector very satisfying compared to her previous for-profit work – "It is much more mission driven, you have inspired people and build more of a tolerance for individuals."

5. **Volunteers** – Having volunteers is something very unique to nonprofits. Unlike the for-profit sector, many nonprofit organizations typically have a rotating staff of volunteers who are not paid for their time and services. "In a nonprofit environment, you must manage your volunteers," says Linda Smith-Shearer of the Masters School, "you have to respect their time and identify ways to incentives volunteers to come and work. You need to show them that what they are doing is productive and give them a sense of commitment, partnership and satisfaction." Managing volunteers is very different from managing employees. Since there is no financial incentive, executive leaders must find other ways to relate and encourage volunteers. Influence and motivation skills become extremely useful in volunteer-based organizations.
6. **Communicating to Diverse Populations** - Along with volunteer management skills, nonprofit leaders must also have good communication skills. Since nonprofits are, often times, working with diverse populations, leaders must be aware of the way they communicate with their staff and clients. When serving underserved populations, nonprofit leaders must be keen about understanding cultural sensitivities. As Katherine Truitt, a student in the Nonprofit/NGO Leadership program explains, "Many people we serve often carry with them a lot of "emotional baggage" so you must be empathetic and know how to work with these individuals."

7. **Measuring results** - When profits are not the only bottom line, it is much more difficult for nonprofit leaders to develop the appropriate performance indicators to use for measuring the success of its programs. Despite the difficulty of this task, most donors and government sponsors are looking for measurable results. There is an increasing interest in the performance of nonprofits and their staff. At the Center for High Impact Philanthropy, Rosqueta is trying to help philanthropists and nonprofits with this task. As she explains, “Unlike for-profit organizations, there is not a bottom line that everyone can point to as a measure of performance. Instead, nonprofit organizations must understand, engage and satisfy a set of stakeholders when reporting their impact.” Many nonprofit leaders are struggling to find the right indicators and ways to show its impact.
8. **Lack of resources** - One of the most restraining aspects of nonprofits is the lack of resources. Most nonprofit leaders must figure out ways to conduct their work with very limited resources. As Nancy Burd, a former Vice-President of Grant-making Services at the Philadelphia Foundation says, “the nature of money is different, it is much more complex, there are often times restrictions to nonprofit money. Doors and funders often dictate where the money goes, whereas in the for-profit, money can be used as they see fit.” Elizabeth Dow also echoed similar concerns. When she first joined Leadership Philadelphia, she was “shocked to see how little money there was – it was literally bare-bones and no fluff anywhere in the budgets.” She continues to say that, “with such limited resources, the nonprofit leader must be prepared to do everything and anything. It truly is a labor of love.” Leading with much fewer resources and greater goals makes the job even more difficult for aspiring nonprofit leaders.



*Increased Professionalism*

Despite the unique features of nonprofit organizations, the nonprofit sector is increasingly beginning to adopt the practices of the for-profit sector. The trend towards “professionalizing” the nonprofits was described by many interviewees. Morvarid Taheripour describes how, “organizations are now going after more seasoned leaders – people who may have a specific background like an MBA. These were people they may not have been looking for in the past.” She credits this to increased competition in the sector. “By way of more competition, it forces organizations to go up another level,” says Katherina Roqueta who also believes that as the sector matures, it will force nonprofits “to raise their game and prove what they can contribute to the sector.” Some go as far to say that nonprofits without business-minded leaders are often mismanaged and inefficient. Especially with smaller nonprofits, it is often best if you can find someone who can wear multiple hats – financing, marketing and operations. David Simms, a field expert in this area, has also noticed the dramatic changes in the business management and professionalization of the sector, “one that wasn’t true 20 years ago.”

Government and foundations have also begun to put more pressure on nonprofits. They have become much more interested in accountability, evaluation and measurable results. Many believed these changes in the sector would also have larger effects on the leadership requirements of nonprofit executives. As a result of this trend towards a more professional workplace, several respondents agreed that advance degrees such as Masters in Business Administration or Nonprofit Management/Leadership certificates will be in higher demand. At the Finance Project, run by Cheryl Hayes, a graduate degree is a pre-requisite for her staff. More emphasis will also be placed on professional development, which has been traditionally lacking in most nonprofits. James Balfanz, COO of City Year, sums it up nicely by stating, “Leadership

has changed because the old model was based on public goodwill and more traditional charity and philanthropy. There is a real push now to think more creatively, more strategically, more entrepreneurially and to try and find new ways to work around some of the limitations that exist in scaling good ideas” This trend towards professionalism will have consequences on both the nonprofits themselves and the training and development of future leaders.

### 3.2 Themes in Education

Given the requirements of this new model for leadership and the sheer size of this growing sector, attention needs to be given to professional education. Running not-for-profit enterprises and non-governmental organizations is a profession, one that is worthy of degrees and certificates. After speaking with both nonprofit leaders and graduate school program directors about the role in which education plays within nonprofit leadership development, the following themes surfaced. Many nonprofit leaders, especially the “bridgers,” had few opportunities to be exposed to nonprofit work. Unless it was self-initiated, rarely did they find opportunities within their academic curriculum- though, this differed somewhat with the experiences of aspiring leaders. All respondents were concerned with the lack of formal recruiting available in graduate school programs to help aspiring leaders find positions in nonprofits. Finally, many bridgers hope to see traditional business schools play a larger role in leadership development. They believe business programs have a unique value add for leadership development as the sector becomes increasingly more business-oriented.

*Varying Educational Experience*

For many respondents, their graduate school education provided little to no exposure to nonprofits. While some had no ambitions at the time of pursuing a career in nonprofits, many explained that even if there was interest, few opportunities were available for students. As Sheryll Kuhlman describes, “There was no curriculum around nonprofits. Most of my understanding of the restrictions of nonprofits was learned on the job.” Most people, instead, focused on the practical skills they gained from their experiences at business schools such as the Wharton School or the Yale School of Management. One interviewee recalled that her experience at Wharton provided her with “very great preparation. The leadership and teamwork skills that were taught could have easily applied to both the nonprofit and for-profit sector. Also, you received the fundamentals such as marketing, finance, cost accounting, which were all very practical skills.” Both the hard and soft skills, as David Simms describes it, were available through business education. As Deborah Close puts it, “[Wharton] prepared me to be an overall leaders and good leadership can be applied to any sector, any company.” While leadership training was available, exposure to nonprofit work was very much lacking. In terms of course offering and extracurricular activities, business schools had very little to offer students in the past. But this is changing. Today’s top business schools all boast strong Net Impact networks<sup>4</sup> and courses on social sector issues such as Corporate Social Responsibility, Social Entrepreneurship and Microfinance.

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<sup>4</sup> Net Impact ([www.netimpact.org](http://www.netimpact.org)) is an international nonprofit organization whose mission is to make a positive impact on society by growing and strengthening a community of new leaders who use business to improve the world. Net Impact offers a portfolio of programs to educate, equip, and inspire more than 10,000 members to make a tangible difference in their universities, organizations, and communities. Spanning six continents, Net Impact membership makes up one of the most influential networks of MBAs, graduate students, and professionals in existence today. Net Impact members are current and emerging leaders in CSR, social entrepreneurship, nonprofit management, international development, and environmental sustainability who are actively improving the world.

In contrast, the interviews with the students pursuing their Masters in Nonprofit/NGO Leadership at the University of Pennsylvania had a different experience. These aspiring leaders described how the program provided a “well-rounded education” and gave them “a taste of nonprofit management.” Students in the program take ten graduate courses related to nonprofits with a one-year seminar on leadership. In addition, students work with faculty to develop a field of specialization. For many, like Jon Spack, this format was the ideal situation. Spack found the Nonprofit/NGO leadership program to be much more financially affordable. Not only is the program itself more cost-efficient than an MBA, but by spending only a year in a program, individuals have more time to get back in the job market. He also found the program to be geared more towards people who have specific interests in running nonprofits and already have had leadership experience. The diversity of backgrounds and interest areas was also a positive for him. Overall, he felt that his experience prepared him well for whatever area in the nonprofit sector he decided to pursue. Perhaps due to the specificity and newness of this program, these aspiring leaders were directly exposed to the type of organizations and work they hoped to soon be taking leadership roles in.

Offering perspective on another graduate program was Professor Thomas McKenna, who is the Director of the Certificate Program in Nonprofit Administration housed in the Fels Institute of Government. He described the 5-course certificate program as one that drew in a multitude of students from different backgrounds, coming from the Penn Law School, the Wharton School, and the School of Social Work. Many often do not pursue the certificate but rather take courses offered through the program. Professor McKenna makes the distinction between this program and the Masters program taught at the School of Social Policy and Practice. “At Fels, we tend to focus more on organizational change and nonprofit management. In courses I have taught at the

Nonprofit/NGO Leadership program, I place more emphasis on the leadership.” What Professor McKenna is most proud of from the Fels Certificate Program is the practical exposure students receive. “At Fels, the people we get are people in the field, which makes the program much more practical and applicable in orientation.” All in all, his impression is that both programs have a lot of value add for aspiring nonprofit leadership. (*See Exhibit 6 in Appendix for comparison of three graduate program offerings at the University of Pennsylvania*).

### *Lack of Formal Recruiting*

Although education experiences differed across the different graduate programs, all current and aspiring nonprofit leaders felt that there was a lack of formal recruiting integrated into graduate school programs. There was little support from career services and most searches were done individually. One Wharton graduate recalled that the advisory support was strong, “Career services counselors were always encouraging but set appropriate expectations.” But direct support was very weak, “I had not been advised to join a nonprofit board or do volunteer while going to school. Recruiting for nonprofits was very limited.” However, she admits that the nature of nonprofits make for difficult recruiting processes. Since nonprofits do not run on a typical recruiting cycle and often lack the resources to go on-campus, it is more difficult for nonprofits to hire directly from graduate school programs. For business students, they often feel the pressure of entering a for-profit. Since business schools are typically dominated with the more glamorous recruiting of large investment banks and management consulting firms, nonprofits, even if they do recruit on-campus, just simply cannot compete. As one current leader recalls, “I felt as though I had blinders on. There was so much pressure to do something in the corporate world.” Most would have liked to see more support from career services or student

organizations to develop informal networks and connect with alums in the nonprofit field. But they did understand that much of the searching had to be an individual endeavor.

Surprisingly, even students in formalized nonprofit programs such as the Masters and Certificate Programs at Penn had a difficult time getting job placement. Since these programs are quite small, they typically lack formal career services support. Eileen Bryson, a student in the Masters in Nonprofit/NGO Leadership Program, explains, “Typically you have to do research about careers on your own because, with only eighteen students, it’s hard to know where each individual’s interests lie and where they want to work.” Jon Spack also found the lack of formal process frustrating at times.

It is a hole in the program. I look at all my friends at Wharton and the whole business school model where companies are coming in, interviewing people and students are securing jobs six months in advance. Of course, nonprofits just simply do not have the resources to hire and find staff to come to every business or graduate school. But at the same time, if [the nonprofit] did want to get a certain pipeline of incredible talent, they should be sending people to interview on these campuses six months in advance. It would be really advantageous if they could do this.

However, for smaller nonprofits, this is still not feasible at this point. Though it may be frustrating for students when there is a lack of formal recruiting, many are happy with the camaraderie they feel with their small group of peers and the network they have built. And when it comes down to it, nonprofits will always be in demand for leadership. It is more of a matter of creating systems in which nonprofits can be connected to potential talent.

*Stronger Role for Business Schools*

As mentioned earlier, business schools are playing an increasingly important role in leadership development for the nonprofit sector. David Simms has seen these changes first hand. “In my business school class, not one student went in or came out with a pure nonprofit background. In fact, I think I was the first person to go into the nonprofit sector from my class. Now, I see that there are over 200 business schools that have a nonprofit class, if not, entire nonprofit curriculum or degree programs. This is a dramatic change in business schools. They are now thinking very carefully about how they train people for nonprofit leadership.”

The increasing involvement of business schools in leadership development bodes well for nonprofit organizations. The current nonprofit leaders interviewed were excited to hear that more programs were being offered to aspiring nonprofit leaders within the business school. The demand for such programs is growing. As Cheryl Hayes of the Finance Project proclaims:

I would love to see the top businesses schools in the country develop strong nonprofit management programs. I think there is a huge, huge market for those kinds of people with their skills and talents in the nonprofit sector. Too often, they are only people who have substantive expertise in whatever their field is. They are not the people who have the experience or training in organizational management, finance, accounting, business development or project management. I happen to think this is a huge opportunity.

James Balfanz was one individual who took advantage of this opportunity. Having been at City Year for some time, Mr. Balfanz decided it was time to pursue his graduate degree to advance his leadership skills. When deciding between business school and public policy school, Mr. Balfanz decided to go with the more “practical” education. He wanted to make sure he exposed himself to business education to be sure that he “wasn’t missing out on something that could

improve his ability to lead at City Year.” As he puts it, “My business education has been very helpful for my work at City Year since we work so closely with the private sector. Being able to speak and understand their language helps me in the work that I do.” This example highlights the growing interest for business education within the nonprofit sector.

### *Current Business Programs*

The five business schools – Duke’s Fuqua School of Business, Stanford’s Graduate School of Business, Northwestern’s Kellogg School of Management, University of Michigan’s Ross School of Management and the Wharton School of the University of Pennsylvania – interviewed for this research study represented three separate approaches for social entrepreneurship and nonprofit management education. They range from primarily student-run programs to full-scale curricular education that may include certificate or degree recognition. The five schools interviewed fall somewhere on this spectrum.

1. **Student-run programs** – The Wharton School of the University of Pennsylvania offers a breadth of opportunities for students interest in nonprofit and public sector careers. The majority of the activities are student-led including the Nonprofit Board Leadership Program (NPBLP) and the Summer Public Interest Fund (SPIF). NPBLP was launched in 2005 and serves to give second-year MBA students with the opportunity to serve on local nonprofit boards. The program envisions, “that both Wharton and local non-profits can help each other succeed and achieve a rich understanding of the growing intersection between business and non-profit activities.” SPIF is another student-run organization dedicated to providing funding for Wharton students interested in pursuing nonprofit/public interest sector internships. Funding for this program comes from



fellow MBA students who donate a percentage of their salaries as well as corporate sponsors. Other student-led initiatives in Wharton include an active Net Impact chapter and a dedicated Wharton Alliance for Social Responsibility.<sup>5</sup>

2. **Research and Education-based Centers** – Fuqua School of Business’ Center for the Advancement of Social Entrepreneurship (CASE) and Ross School of Management’s Nonprofit and Public Management Center fall in-between student activities and a degree program. A full-time staff is dedicated to supporting student club activities, student and faculty research, recruitment, conferences and speaker events and alumni relations. Both programs offer a unique focus on research opportunities for Fuqua and Ross faculty in the areas of social entrepreneurship and public management, respectively. Students also benefit from a team dedicated to supporting their full-time or internship search, research interests and general social entrepreneurship or nonprofit interests. CASE is particularly interested in working across sectors to provide “thought leadership for the growing field of social entrepreneurship.” They are currently a leader in social entrepreneurship research. The Nonprofit and Public Management Center (NPM) at the University of Michigan is also uniquely fashioned to provide interdisciplinary insight into the nonprofit and public sector. By building collaboration between University of Michigan’s School of Social Work, Gerald R. Ford School of Public Policy and the Stephen M. Ross School of Business, the NPM program provides students with a rich outlook of the social sector from different perspectives. While neither programs offer

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<sup>5</sup> While nonprofit and social sector activities at the Wharton School are predominantly student-driven, there are many academic offerings that give a non-traditional academic focus. Some courses in the MBA include: Community Reinvestment, Microfinance, Urban Fiscal Policy and Entrepreneurship and Social Wealth Creation. There are also experiential learning offerings through the Global Consulting Practicum and the Field Application Projects. There are also opportunities to take courses at Penn’s other graduate programs including the Fels Institute of Government, School of Social Policy and Practice, School of Education, the Law School, and the Department of City and Regional Planning.

specific certificates or degrees in nonprofit management, they both highlight courses that are offered in relevant subject areas.

- 3. Full-scale curricular education** – The most intensive programs are those that offer an entire curriculum. Stanford's Public Management Program (PMP) and Northwestern's Social Enterprise at Kellogg (SEEK) program both offer a specialization and certificate in nonprofit management. The Public Management Program offer three different tracks – government, nonprofit management and socially responsibility track. In addition to coursework, the PMP program also encourages independent study work and participation in the Public Management Initiative, where students choose a topic of interest to explore over a year. The SEEK program offers a social enterprise major as well as a social enterprise major with a nonprofit specialization. The Public and Nonprofit Management is a flexible major that builds upon traditional business courses with a focus on nonprofits. Both PMP and SEEK offer the same resources as the two other program approaches including career resources, events planning, support for student clubs and connecting with alums.

The reason for such diversity between the educational approaches is mainly dependant on faculty and student interest. Funding may also play a role in the formation and extent of any program. For instance, funding a full-time staff to support a research center or a curriculum will be more expensive than supporting student activities.

### 3.3 Themes in Career Development and Training

Nonprofit leaders are very concerned about the lack of training and career development opportunities available for themselves and their staff. Many believe that the nature of funding

and size of nonprofits make it more difficult to train and develop leadership. In addition, career progression is often stifled by the structure of most organizations. Many individuals in mid-level or top management positions feel pressure to either stay in their current position or find opportunities outside of their organization. Concerns about the impending nonprofit leadership deficit have many worried about how their organization will attract and retain talent. The overall consensus from the interviews was that more time, money and thought need to be placed on thinking about capacity building. Many, however, note that while nonprofits have a responsibility to its employees to develop and train them, there are plenty of hidden opportunities aspiring leaders can find on their own.

#### *Career Progression Stifled by Hierarchal Structure*

In smaller nonprofits, there are very few leadership opportunities that exist. Most nonprofits typically have one executive director and possibly either an associate director or someone in a leadership positions such as finance, operations or technology. Individuals who are interested in progressing into a leadership role find themselves feeling very stifled. Robyn Goldman came into the Girl Scouts at a fairly high level so she had less trouble navigating her own career progression, but she does see the struggles for aspiring leaders. “There is not a lot of room for individuals to advance. There are some people who would be great moving up, but sometimes there is just no capacity or training to do so.” Katherina Rosqueta from the Center for High Impact Philanthropy also admits, “The majority of nonprofits are very small, so within an organization, it is not clear there is a next step. Sometimes it requires several moves to get to that leadership position.” Deborah Close is concerned that due to the stifling effects of many nonprofits, turnover is now higher than ever. Many young people today, as she sees it, are not

willing to wait for leadership positions to open up. Instead, they are going to seek it elsewhere. But just as in the corporate world, staff churn can be very costly. Nonprofit organizations need to think carefully about how, in spite of the structural constraints, they can properly retain and promote aspiring leaders.

For larger organizations like the Rockefeller Foundation or the Red Cross, careers are much easier to navigate. In larger organizations, there can be more time devoted to thinking about how the organizations can set up career tracks for different individuals. For example, when people joined the Rockefeller Foundation, there was a clear career path. Training sessions outlined what skills they would be receiving and what they would need to do in order to advance to the next level in their position. Unfortunately this type of support is rare and can only be found in larger, more established organizations that have the structural capacity to have multiple layers for leadership as well as the resources.

### *Lack of Investment in Talent*

Beyond the structural constraints that make career progression more difficult, many respondents do not feel organizations devote enough time and resources to capacity building. Historically, there has been a lack of funding by the government and foundations to support capacity building. Thus, capable management skills, cultivation of leadership and internal training have often been overlooked. Cheryl Casciani and others believe that training is absolutely necessary and may be one way that nonprofits can compensate for lower wages. In most nonprofits, opportunities are limited. Most people who want to pursue training have to do it on their own and with very little financial support from their organizations. And even fewer organizations will offer to pay for advanced degree education. One interesting finding from the

research showed that organizations that did have resources to devote to career development usually spent it on skills training. Very few organizations have focused on leadership and organizational management training. Current leaders see this as a critical area for improvement. As Balfanz explains, “There is a growing understanding of the need to invest in the future and develop the talent pipeline.”

In spite of the growing demand for more investment in human capital, many admit that it is challenging to do in a nonprofit environment. “As a sector, we significantly under-invest in people’s development,” says David Simms, “It is hard to do, hard to prioritize given our missions and funders do not want to fund it.” But given the limited resources, nonprofits still need to figure out how to do it if they hope to attract and retain the best leadership talent for their organization.

### *Opportunities Available but Hidden*

Due to resource limitations and structural constraints, aspiring nonprofit leaders often have to pursue professional development on their own. As many experienced nonprofit executives explain, there are a lot of opportunities available but will take a lot of individual persistence and effort. While the resources are obtainable, current leaders see that people are not taking advantage of them. For example, Katherina Rosqueta said that while she was not groomed for leadership opportunities, if someone had the capacity and ability to want to do it, then it was all for the taking. Reflecting on their past experiences, current nonprofit leaders described having to be proactive with any and all training opportunities that became available. Morvarid Taheripour found a lot of resources on the web that helped her navigate her career path. Unlike being at a major corporation, where there was a clear career path and examples of

others who have gone through them, it is often up to the individual to define their own career path in the nonprofit sector. It takes a lot of self initiative to go and find these opportunities

## **Chapter 4: Discussion of Findings**

The findings from the research proved that the nonprofit sector is going through some dramatic changes. Not only has the types of people leading nonprofits changed, but the demands placed on these individuals have also intensified. A new type of leadership is necessary to run today's nonprofit. The findings highlight some of the challenges and opportunities the sector faces in developing this next generation of leadership.

### **4.1 Challenges**

The new model of nonprofits, by way of an evolving nonprofit sector, poses several challenges for individuals and nonprofit organizations. First, while interviewees did not find the transition from for-profit to nonprofit difficult, many did note that the size of the organization and the features of the organization were much harder to adjust to. Katherina Rosqueta and Linda Smith-Shearer both felt that their transition was more about size of organization than sector categorization. Having worked in much larger organizations before joining the nonprofit sector, size affected all aspects of their work. In most cases, the leadership position in smaller organizations meant greater responsibilities - having to work on all of the nuts and bolts the organization. It also meant working with greater resource constraints and a smaller staff of people.

Many described the unique mindset and culture that differentiated nonprofits from other sectors, creating a more difficult leadership role. The unique features of nonprofits suggested by current nonprofit leaders were similar to the ones presented in the literature. Most notably, the presence of volunteers, mission of service over profits, the organizational complexities and the difficulties of measurement, are all textbook examples of the difficulties distinctive to nonprofits (O'Neill & Young, 1988; Hdgkin, 1993).

The research also found that there were multiple pathways to nonprofit leadership. The research found that there were multiple pathways to nonprofit leadership. Clearly, there is no blueprint for leadership development. While more entryways into the sector means more opportunities, it can also be frustrating when trying to plan ahead for a desired career. As Katherine Truitt, from the Nonprofit/NGO Leadership program, describes, “It is a frustration I think a lot of us have. We often know where we want to be in 5 or 10 years, but we don’t know what we should be doing in the next 2 or 3 years to prepare us for those roles. There is not a set track for many of us and that can be daunting at times.” There does not appear to be formal channels or clear guidelines for aspiring leaders to follow, which makes hinders the potential success of these individuals.

Increasing professionalism and the marketization of the sector could also create problems. This trend to “professionalize” the nonprofit is not always appropriate. As Yzaguirre warns us:

The danger is a very real possibility of migrating from a sector characterized by passion, citizen involvement, creativity, cause-oriented activism, and compassion with all its faults and all its messiness to one that known for good management but sterile in ideas, lukewarm in passion, professional detached from human suffering, and sheepishly obedient to whomever is ruling the state (2007, p. 187s).

It is difficult to say at what point professionalizing the sector will create negative repercussions and this might even vary depending on the leadership and type of nonprofit organizations. It may be appropriate for larger organizations like the American Red Cross, the Bill and Melinda Gates Foundation and the Rockefeller Center who are already operating at a very professional



level. However, it may not be well-suited for smaller, more local nonprofits. The trend to “professionalize” nonprofits is inevitable, but organizations should proceed with caution.

In graduate schools, formal recruitment processes are still lacking. Even in programs specifically geared towards careers in the public sector, recruiting is still weak. Given the leadership deficit in the nonprofit sector, nonprofits should be using graduate schools to develop their talent pipeline. If nonprofits are not reaching out to aspiring leaders through these channels, where exactly are they expecting to find new talent? Given that there is a pool of aspiring nonprofit leaders and a myriad of nonprofits looking for new leadership, there must be ways to improve the recruitment channels to connect the supply and demand. The impetuses mentioned in the interviews – lack of resources, the mismatched recruitment cycle, and business competition – will never go away but the recruitment problems need to be addressed.

Structural and resource constraints may be the biggest challenge for nonprofit organizations. Reports such as *Daring to Lead* (Cornelius et. al, 2006), show that most individuals in relatively small, flat organizations feel their chances of ever becoming the executive director or to serve in a leadership role are slim to none. They view internal advancements to be nearly impossible as no systems are currently in place to help them make the transitions. In the *Daring to Lead* survey, 55% of all respondents believed that in order for them to advance in their careers, their only option would be to move to another organization. Aspiring leaders are left with little guidance and a great deal of frustration, which deters many individuals from ever pursuing leadership opportunities. While some will accept their current position, others will choose careers in the for-profit where advancements are often times more attainable.

Even in comparison to smaller, start-up organizations that have the same structural constraints and resource limitations as nonprofits, there is still a difference. As start-up

organizations become more successful, they receive more resources from investors. Good performance in the private sector will usually equate to more profits and capital infusion from investors. While not always the case, nonprofits often face the opposite effect. As they begin to succeed, donors will limit their funding and expect nonprofits to do more on their own. In these situations, the first costs to be cut will be in professional development. Unfortunately, in the nonprofit world, there is no rational correlation between good performance and funding. But in the current leadership crisis situation, nonprofits cannot afford to disregard career development and training.

Difficult transitions, lack of established career pathways, tricky recruitment and structural and resource constraints may all hinder the success of nonprofit organizations and their ability to train and develop leadership talent for the future.

#### 4.2 Opportunities

Despite the challenges, there are many opportunities for the nonprofit sector. The increasing cross-sector mobility bodes well for nonprofits as this indicates the fluidity between sectors – more people are willing to make these transitions. Some, like David Simms and Katherina Rosqueta have made the transition more than once. Rather than finding talent only within the nonprofit sector, nonprofit organizations can expect to find people from all sectors. This not only expands the pool of candidates, but could also mean more people from diverse backgrounds and skill sets. The quality of leadership may also improve because of this.

While the professionalization of the sector does come with its risks of diluting the passion surrounding nonprofit work, the potential for nonprofits to improve its current operations is also a real possibility. To professionalize the nonprofit by improving accountability, transparency and results measurement will not only increase credibility among funders, but will also attract

more qualified people to the sector – people interested in improving the sector and overcoming the challenges in the nonprofit. By making nonprofit organizations more efficient and productive, people will find the work to be more rewarding.

Along with professionalizing the sector, business schools are also an area of opportunity for the nonprofit community. Business schools will play an increasingly important role in training nonprofit leaders. They are tasked with a great opportunity, but one with many challenges. How and in what direction should business schools develop their programs to fit the requirements of the nonprofit sector will be a difficult question. Over the years, many business schools have developed social entrepreneurship or nonprofit management programs. But to successfully integrate these programs into the overall MBA curriculum can be complicated. While many courses can be taught to both audiences of for-profit and nonprofit students, there are some topics that do not carry-over. In those cases, business schools must decide if they should create new programs or refer those interested students to other graduate programs. Business also must decide what their core mission is and how this related to developing nonprofit leaders. These institutions can also be a great influence on the nonprofit sector – for better or for worse. It will be important as this trend develops that educational institutions and nonprofit organizations work together to develop the best programs to accommodate the current and future leadership needs.

And finally, the interviews indicate a major disconnect between the opportunities that are available in nonprofits and the lack of awareness of those opportunities from aspiring leaders. Current investments in talent are being underutilized. Given the already limited resources, the sector cannot afford for these current investments to be go unexploited. Within the organization, nonprofit leaders can often find ways to take on more responsibilities, lead projects and develop

their personal leadership style. Outside the organization, there are resources available online, in the literature and through peer networks. The sector must find better ways to connect aspiring leaders to the current resources. This is definitely an opportunity area for many nonprofit organizations who are hoping to attract more talent. Aspiring leaders, desperate for more training and development, will be much more attracted to organizations that already offer the professional development resources. For many nonprofits, it may just be a matter of raising awareness to current offerings.

The nonprofit sector must identify and address both the opportunities and challenges facing the new nonprofit today. Finding smart and innovative ways to overcome the structural constraints or the unique features of nonprofits and tapping into opportunity areas such as increasing the role of business schools or raising awareness of the underutilized resources will help to address the leadership deficit in the sector.

#### 4.3 Limitations to Research Findings

Despite the richness of the interviews, there were limitations to the research findings. As in any qualitative study, it is difficult to quantify the ideas expressed by the interviewees. Through a semi-structured interview protocol, the conversations were fairly well-directed. However, inevitably, conversations drifted and did not always stay on-topic. Capturing every individual's opinion and idea is difficult to do. Not everyone expressed the same opinions on certain subjects, but generally, the more predominant themes were extracted from the interviews and presented in this research report.

## **Chapter 5: Conclusion**

### 5.1 Overview of Main Findings

Four major themes surfaced from the research study. While other ideas were also presented, these were the predominant themes expressed by the interviewees.

- 1) There are multiple pathways to nonprofit leadership development. Current nonprofit leaders each took a different career path to arrive at their current position. Interviewees noted the trend towards increasing cross-sector mobility among their peers and aspiring nonprofit leaders – moving from the corporate setting to the nonprofit setting and vice versa. Most encountered little difficulties transitioning between sectors, but did note that due to some of the unique features of nonprofits, leadership can be a lot more challenging.
- 2) The professionalization of the sector has created a demand for business schools to play a stronger role in nonprofit leadership development. There is increasing pressure from donors, the government and the community for nonprofit organizations to be more business-oriented – accountable, transparent and professional. There is an even greater need for leaders who possess these business management skills. Thus, business schools can play a role in developing these future leaders.
- 3) Different graduate school programs offer varying experiences, but all educational institutions currently lack strong, supportive recruiting systems. Business schools, government and public policy schools all offer a unique vantage point on leadership development. Each institution possesses a core competency and value-add for students. While formal recruiting is difficult to do, graduate programs should think

hard about how they can better support aspiring leaders. Systems need to be put in place to connect aspiring leaders with nonprofit organizations.

- 4) The lack of investment in talent due to limited resources and structural constraints is a big disadvantage for nonprofit organizations. Their training and development programs pale in comparison to for-profit organizations'. Resources are rarely allocated to staff development and leadership capacity building. All of the nonprofit leaders interviewed expressed concern for the current status quo and believed training and development is critical to a nonprofit organization's success. The future of the nonprofit sector rests on the shoulders of the next generation of leaders.

## 5.2 Major Implications

These findings have major implications for the nonprofit sector and all of its stakeholders – the aspiring nonprofit leaders, the universities who train them and the nonprofit organizations where they eventually lead. Each stakeholder has an important role to play in leadership development in the nonprofit sector. Below is a summary of the recommendations.

Table 4. Summary of Recommendations

<b>Aspiring Nonprofit Leaders</b>  <i>Key Takeaway: A Portfolio Approach</i>	<b>Universities</b>  <i>Key Takeaway: A Cross-Disciplinary Approach</i>	<b>Nonprofit Organizations</b>  <i>Key Takeaway: Creative Investment in Talent</i>
Conduct individual research <ul style="list-style-type: none"> <li>• Web research</li> <li>• Books and Journals</li> <li>• Personal skills training (ie - leadership, communication, teamwork training)</li> </ul>	Develop cross-disciplinary education <ul style="list-style-type: none"> <li>• Traditional programs offered in School of Social Policy or Government, but now includes Business schools</li> <li>• Leverage strength of each program</li> </ul>	Create culture of mentorship <ul style="list-style-type: none"> <li>• Offer informational interviews</li> <li>• Give staff increased responsibilities</li> </ul>
Pursue formal education <ul style="list-style-type: none"> <li>• Sample Graduate Schools: School of Social Policy and Practice, School of Education, School of Government, Masters in Business Administration</li> <li>• Look for cross-disciplinary education</li> <li>• Find programs that complement previous background and interest areas</li> </ul>	Integrate into academics <ul style="list-style-type: none"> <li>• Field application projects expose students to nonprofits and engage in experiential learning</li> </ul>	Start early and focus on retention <ul style="list-style-type: none"> <li>• Figure out the “who” question</li> <li>• Equate nonprofit and for-profit skills to attract bridgers</li> <li>• Identify leadership early</li> <li>• Encourage promotion from within</li> <li>• Provide the right opportunities for learning</li> </ul>
Join networks <ul style="list-style-type: none"> <li>• Online networks (ie- Idealist.org, Bridgespan.org, Justmeans.org)</li> <li>• Career opportunities</li> <li>• Mentorships</li> </ul>	Promote student activities <ul style="list-style-type: none"> <li>• Universities can support activities through increased funding and staff support</li> </ul>	Increase board involvement <ul style="list-style-type: none"> <li>• Creates internal networks of like-minded staff members</li> <li>• Encourage staff to connect with external networks and associations</li> </ul>
Spend time in nonprofits <ul style="list-style-type: none"> <li>• Volunteer in nonprofits while working</li> </ul>	Connect with alumni <ul style="list-style-type: none"> <li>• Offer students a look at alums in the field</li> </ul>	Encourage knowledge sharing <ul style="list-style-type: none"> <li>• Promote knowledge transfer for current to aspiring leaders</li> </ul>
Serve on nonprofit boards <ul style="list-style-type: none"> <li>• Lots of board positions go unfilled</li> <li>• Many nonprofits do not have age qualifications so younger people should still consider</li> </ul>	Raise awareness and exposure <ul style="list-style-type: none"> <li>• Showcase different identities of nonprofit leaders</li> <li>• Disseminate knowledge about the sector (ie – leadership deficit)</li> </ul>	Be innovative <ul style="list-style-type: none"> <li>• Sponsor graduate education</li> <li>• Pool nonprofit resources</li> <li>• Partner with for-profit</li> </ul>
Get an MBA <ul style="list-style-type: none"> <li>• Increased professionalism makes MBA more valuable</li> </ul>	Create talent pipeline <ul style="list-style-type: none"> <li>• Connect aspiring leaders with interested nonprofits</li> </ul>	Build networks <ul style="list-style-type: none"> <li>• Create internal networks for like-minded staff</li> </ul>

*Implications for Aspiring Nonprofit Leaders*

As the nonprofit sector continues to mature and develop, we can anticipate more cross sector mobility. People will no longer have experiences in only one sector, but will want experiences across sectors. Therefore, there cannot be only one way to develop leadership and nonprofit management skills. Instead, a portfolio approach to training and development is necessary. Aspiring leaders should look to multiple sources for developing their personal leadership and management skills.

- **Conduct individual research** - These sources might include doing research on the web, reading books written about this subject or pursuing personal skills training. Sample journals that offer a lot of useful information include Chronicle Philanthropy, Nonprofit Management and Leadership and the Stanford Social Innovation Review.
- **Pursue formal education** - For many, obtaining a graduate school education in a nonprofit leadership program may be the solution. There are many programs available today that provide certificates or degrees. These one or two-year programs are devoted to nonprofit leadership and management. Something to keep in mind when deciding on a program is the experience one hopes to gain. Based on the individual's prior background, it may make sense to pursue one type of program over another. For example, someone who has already had private sector experience may not need to pursue an MBA if they already have management skills. Instead, they may find it more useful to enroll in a school of social policy to learn more about nonprofit-specific skills such as volunteer management and fundraising. If possible, programs that offer cross-disciplinary education can dramatically enhance the learning experience. By understanding the nonprofit sector through different vantage points – from a business school to a public



policy school – one can receive a more comprehensive understanding of the role in which leadership can play in an organization.

- **Join networks** - Finally, aspiring leaders should look for formal and informal networks to get involved in. Joining online networks such as Idealist.org, Bridgespan.org, and Justmeans.org are great places to begin building relationships in the nonprofit sector. These opportunities to network are valuable because this is a way to meet others who are in similar situations as well as potential mentors. Furthermore, these networks can open doors to future leadership opportunities. It is important to emphasize that leadership development can happen anywhere. For the aspiring nonprofit leader, he or she must be willing to take the initiative. Often times, the opportunities are hidden, but are there for the taking.

The trend towards increasing cross-sector mobility also bodes well for those who may be unsure of their career plans.

- **Spend time in for-profit** - As Richard Perkins suggestions, “Stay in the corporate world and volunteer in the nonprofit areas that interest you.” This way, aspiring leaders who are not ready to make the transfer to nonprofits can still devote time to exploring their social interests. For some students, this may be the most practical solution. David Simms, in his interview, described a common situation in which students graduate with a lot of debt and are forced to pursue a high-paying job to pay for the loans. “By the sheer economics of it, it is hard for a large number of people to go into the nonprofit sector.”
- **Serve on nonprofit boards** – For people who may have to go into the for-profit but want exposure to nonprofits, Simms recommends serving on nonprofit boards. In a study

conducted by Volunteer Consulting Group and Booz Allen Hamilton (2002), more than three million board positions go unfilled each year and 1.8 million become open due to turnover or term limits (as cited in Gardyn, 2002). Younger people's perception of nonprofit boards as positions for the older and wealthier is often a deterrent for their participation on boards, but Simms believes this should not be the case. In fact, he believes serving on boards is a great way to start learning about nonprofits and giving back to the community.

- **Get an MBA** - For others, instead of spending time in the for-profit sector, they may choose to pursue a business education. In today's nonprofit, a Masters in Business Administration is an advantageous degree. As the sector becomes increasingly more business-oriented, nonprofits will be looking for individuals who have business management skills. Current nonprofit leaders see MBAs as a valuable education that is essential for developing a "toolbox" for managing any organization – in the for-profit or not for profit sector. Many also believe the MBA gains more credibility with the Board.

Whichever pursuit aspiring leaders decide to take, they should always keep in mind that their options are boundless. As Leslie Benoliel puts it, "the way our economy is developing, people are looking to develop lots of different skills so the mobility bodes well for aspiring nonprofit leaders because they are not locked into just one career path."

### *Implications for Universities*

Educational institutions have an important role to play in leadership development. It is clear that there is no single formula for developing leadership in the nonprofits as we have seen

more leaders moving across sectors and translating their skills to fit each sector. Education should work in the same way.

- **Develop cross-disciplinary education** - While it has already been discussed that business schools can play a strong role in leadership development, we should not neglect all the great programs in other graduate schools. Traditionally, nonprofit leadership or management programs were offered in the School of Social Policy or the School of Government. Today, with the inclusion of business schools joining the effort, there are a lot of educational opportunities for aspiring nonprofit leaders. However, distinguishing between the programs can be difficult. Each school has a unique perspective on leadership development and offers a different curriculum. Instead of forcing students to choose between programs, graduate schools should work together to develop cross-disciplinary programs. The key is for each contributing school to leverage its core competencies and have a focal area for its portion of the curriculum. For example, business schools are uniquely positioned to offer classes on topics such as organizational management, financial management and negotiations. A school of social policy can offer courses in their strengths which include stakeholder management, program measurement and strategic planning and resource development. And a government or public policy programs may be well-adept at teaching advocacy, nonprofit governance and capacity building. As Cheryl Hayes suggests, “I think cross-disciplinary training can work. And I think it can be done well in a School of Social Policy, Institute of Government and in Business School. They just need to have a point of view on what the leaderships skills are, how they’re perceived and how they can be used in different settings and circumstances.” For cross-disciplinary programs to be successful, each school must

preserve its core strengths so the student can receive the best teachings from each respective institution.

Similar to the advice given to aspiring leaders, universities should also make strides to expose students to the nonprofit sector. Leslie Benoliel believes, “the younger you start exposing people to the nonprofits, the earlier you can start creating an environment for civic leadership.” Eileene Bryson, an aspiring nonprofit leader agrees. She has seen so many people who do not pursue nonprofit careers because they simply do not understand what it means to be in the sector and do not believe it is a career option. Universities can address these misconceptions through several channels including academics, extracurricular and alumni.

- **Integrate into academics** - In the classroom, professors can develop field application projects in the nonprofit community or bring in case studies from nonprofit examples into the course content. For example, while Wharton currently does not offer a program on social entrepreneurship or nonprofit leadership, it does offer courses that provide field experience working with nonprofits. The Field Application Program provides students with the opportunity to gain specialized field experience and integrate their coursework into a realistic consulting experience. Past projects with nonprofits have included Women’s World Banking, the United Nations – Global Compact, Philadelphia Free Library and Teach for America. Offering these academic experiences is a great way for students to be engaged with the nonprofit community.
- **Promote student activities** - There is already a lot of activity on most campuses surrounding social and nonprofit work. However, universities can always do more to support these student-led initiatives through funding and mentorship. The University of Michigan’s Nonprofit and Public Management Center offers unique student-led

initiatives that promote careers in the nonprofit and public sectors. Their Board Fellowship Program offers graduate students positions on the governing board of nonprofit organizations in southeast Michigan, while their Domestic Corp offers paid summer internship opportunities in the nonprofit sector. Finally, their student-guided NPM Peer Career Counselor program gives interested students advice on nonprofit careers. These student-led initiatives provide as much value as formalized programs offered by the institution.

- **Connect with alumni** - Finally, bringing alums back on-campus who have or are currently working in the nonprofit sector is a great promoter of careers in the sector. Introducing students to alums is important because it helps build acceptance of nonprofit careers and serves as an example for different career pathways. Career services can hold non-traditional career panels, highlight these alums on alumni databases or connect students with alums current in the field of their interest.
- **Raise awareness and exposure** - Universities can also play a role in raising awareness about the different types of nonprofit leaders and the issues nonprofit organizations face. For Katherina Rosqueta, she never considered herself to be the typical nonprofit leader and did not see herself in many of the leaders she had met. As she suggests, “It would be really interesting to see if there are multiple profiles out there for nonprofit leaders and to share those profiles with students. Perhaps someone will identify with one of those profiles and get them thinking about joining the sector.” Universities, through its research and publications, can also help disseminate knowledge about the sector and the problems such as the leadership crises the sector is facing. Raising awareness about these issues will help the outside community relate and become more engaged. It would

broaden everyone's perspective and, perhaps, incite more leaders to cross over to the nonprofit sector.

- **Create talent pipeline** - Finally, universities can help nonprofits in creating the pipeline for talent. By creating systems and frameworks to help students connect with open nonprofit positions, universities can play a vital role in the recruitment process. Universities are uniquely positioned to influence students on-campus since students are all looking to figure out their next steps in life. Also, with the faculty's help and alumni support, Universities can help nonprofits discover the talent pool of those interested in working in nonprofits. Partnership with universities will be important for nonprofits as these individuals may well be the future of the sector. As Jim Collins emphasizes in his book, *Good to Great and the Social Sector*, "the key variable is not how (or how much) you pay, but *who* you have on the bus." And for most careers, the pipeline begins at the university-level.

There are many ways in which graduate schools can play a stronger role in nonprofit leadership development. The critical areas where it can make impact can be in creating cross-disciplinary programs, increasing nonprofit exposure to students, and developing a pipeline for leadership talent.

### *Implications for Nonprofit Organizations*

Nonprofit organizations, the ones who are facing the leadership crisis, may have the most opportunities to develop future leaders.

- **Create a culture of mentorship** - While findings show that structural constraints and limited resources have been one of the main hindrances for career training and

development for aspiring leaders, one way nonprofits have and should continue to pursue is creating a culture of mentorship. Current nonprofit leaders have deployed this method as a way to retain high potential employees. Katherina Rosqueta has never turned down a request for an informational interview. Since she recognized, from own experience, that there was very little support out there, she knew she had to do something. “It is essential for leaders of the sector today to share experiences, perspectives and their networks with the next generation. If there aren’t enough resources to formalize it, then as sector leaders, we have to work the informal supports as much as we can. Small scale activities, if enough people do it, can make a big difference.” David Simms is another individual who is a proponent of mentorship. As he points out:

A lot of professional development in the nonprofit is mentorship, a human service approach. One learns from the boss and learns by doing. A lot of it needs to be intentional. It is about giving opportunities and responsibilities to your staff that they normally wouldn’t do. By giving them increased responsibilities, they have more room to grow. And in nonprofits, these opportunities come very naturally because there is always more to be done.

- **Build networks** - Other ways Katherina Rosqueta has contributed is by helping build networks of Wharton or McKinsey alums who are now working in non-traditional industries. She hopes that “these informal nodes can be a source of information and support for others.”
- **Start early and focus on retention** - The leadership development process needs to begin with recruitment. As Jim Collins says, “In the social sectors, when big incentives are simply not possible, the first Who Principle becomes even more important. Lack of

resources is no excuse for lack of rigor – it makes selectivity all the more vital” (p. 15). While the research did not produce any specific qualifications for nonprofit leaders, which would also vary for each organization, the interviewees did discuss that nonprofits needed to consider what skills are required for their leaders. In addition, they should do a better job equating for-profit skills and nonprofit skills. Starting early also means identifying leadership as soon as possible. Current leaders need to constantly be thinking about and identifying potential future leaders within the organization. Since much of the frustration comes from the hierarchal constraints in nonprofits, it would be ideal to promote from within. Doing so will encourage staff members to stay because they will see that leadership opportunities are open for internal candidates. If only external candidates are considered, aspiring leaders are more apt to move around because they will become discouraged. Much of the onus is on the current generation of leaders. Geoffrey Canada (2006) believes that there are young, talented people, who, given the right support, can become senior management. He says:

We (the current leaders) will have to go out of our way to provide them with opportunities and experiences that they would not organically get in their present positions. We need to expose them to areas such as development, budgeting and working with trustees; and to provide workshops where they can begin to stretch their skill set. These younger program people absolutely need these kinds of experiences over the next five to seven years to ensure they can effectively take over the reins of leadership. (p. 6).

Support for the next generation of leadership needs to happen at every step of the way if we are to attract and retain the right people for the sector.



- **Increase Board involvement** - The interviewees also gave feedback on the role of the Board of Directors. In some organizations, the Board plays a very hands-off role and leaves much of the work for the Executive Director to handle. In contrast, some boards are actively engaged in the organization. Barry Kirschner has benefited from a supportive board. “Most organizations are not as fortunate to have support by the Board. Our Board is forward thinking enough to know that investing in talent, a pro-business perspective, is critical to our organization’s success. We are spending money to raise money. In the for-profit world, no one would hesitate to spend money to build a business.” Most boards have not made the development of leadership a priority in their organizations. This needs to change. As Kirschner described, Boards need to invest in leadership. Ami Dar wrote in the *Leadership Deficit Commentary* about the lack of personal incentives currently available to senior managers to hire top talent. Boards should get involved to create the right incentives for more ambitious recruiting. Not only this, Boards should think carefully, along with the executive director, about who they should be recruiting. As Robyn Goldman expressed, “Boards are often times short-sighted and not open-minded because they want someone with a specific background or tenure. Boards need to look at skill sets in different ways.” Roxanne Spillet (2002) sums it up well when she said, “There is an urgent need and addressing it begins with a leadership model and the discipline of the board.”
- **Encourage knowledge sharing** – Since resources within the nonprofit are often times underutilized, nonprofit organizations should promote more knowledge sharing. In many ways, older generations need to take an active leadership role in engaging younger staff members. Kunreuther (2003, p. 237) suggests “ongoing, consistent and productive

contact with younger people to share what they have learned and to learn what Generation X has to offer.” Organizations will benefit from the increased knowledge transfer between current and future leaders. One idea is to integrate technology into the knowledge sharing process. Rob Paton (2007) offers advice on ways to develop “blended” techniques for teaching. For example, he suggests making reading material available online before a workshop to allow one on one time to be used more effectively for interaction and relationship building. Other technologies that can enhance communications within an organization may include Wiki pages, internal social networks and an organization blog. Each nonprofit will be different in their technology capabilities, but the key is to ensure training and career development opportunities are made available and known to staff members.

- **Be Innovative** - Finally, nonprofit organizations need to be more creative. Current leaders often feel that nonprofits are not being innovative enough or are taking enough chances. There were many ideas that were brought up. For example, Morvarid Taheripour would like to see nonprofits sponsor graduate school education such as an MBA. While the finances may be tough, this could be a worthwhile investment in a potential leader. One of the biggest challenges nonprofits face is limited resources. One creative solution is for nonprofits to collaborate and pool resources. That way, if a great training opportunity is available, nonprofits can work together to afford the training fees. Partnering with the private sector is also a viable option. Mr. Balfanz has personally seen this work while at City Year. City Year has found creative ways to partner with organizations such as Comcast to co-sponsor training and development programs. In this way, nonprofits can learn from businesses and adjust their practices to fit the nonprofits’

needs. Nevertheless, nonprofits should be mindful of balancing for-profit and nonprofit practices. Luckily, the younger leaders may have more ideas on how to do this.

Kunreuther (2003) reports:

The younger directors we talked with were enormously thoughtful about their management style and structure of their organizations. Their emerging ideas about structure and management are just what we need now in a sector that is often confused by the dominance of either for-profit business practices or outdated nonprofit structures. (p. 457)

New and innovative ideas are constantly being introduced to the nonprofit sector<sup>6</sup>, the nonprofit sector should be open to these new ideas and determine ways to effectively implement and fit them into the current model. The sector has great opportunities ahead and should be ready to embrace new technologies, ideas and talent.

### 5.3 Future Research Direction

This research study has merely skimmed the surface of the topics surrounding leadership development in the nonprofit sector. This paper focused mainly on the changing nonprofit landscape and leadership requirements, the opinions of current nonprofit leaders and the potential implications these findings have on aspiring leaders, graduate schools and nonprofit organizations. Many issues require further exploration.

- **Role of the Board** - In the implications section, there were several recommendations for the board of directors. Interviewees gave suggestions for activities the Board could get

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<sup>6</sup> Create a new \$500 million foundation dedicated solely for the purpose of helping the top, scalable nonprofits attract, train and retain top executives. Get a passionate corporate titan to chair this board and a top social entrepreneur to run it. Or pilot innovative approaches to attracting the best, most experienced managers in the nation to social enterprise. Companies could offer paid board seats to the absolutely finest top managers who take on social enterprise CEO and COO roles. Or companies could recreate stock funds that would supplement base salaries paid by non-profits to their top executives— Jon Schnur (2006)

involved in but more research should be done on the role of the Board and their interest in leadership development. It is possible that the role is limiting or interest in leadership development is not there.

- **Technology** - Another burgeoning area of interest is in technology. Technology can bring tremendous value-add to nonprofit organizations. Nonprofits must figure out how and in what way they can incorporate technology effectively and efficiently. Given such limited resources, managers will need to justify the costs of adopting new technologies against other nonprofit spending needs.
- **Training and Development** - Professional development and training, as discussed in the research, is crucial for the sector. However, nonprofit leaders are always struggling with how to justify allocating their funds toward staff development versus programming. The funders, individual philanthropists and government, should rethink their ideas about overhead costs<sup>7</sup>. Given the lack of qualified leaders in the sector, organizations cannot afford to limit investments in training and development.
- **Compensation** - Compensation is an area that was not addressed in much detail but it is hard to ignore. Nonprofit careers are still and will continue to be less lucrative than careers in the for-profit. Despite this, the mission-driven work and entrepreneurial spirit will always draw many people to the sector. The sector must find better and more creative ways to compensate nonprofit employees and leaders for their time and effort.
- **Mergers in nonprofits** - An area that received little attention, but was briefly mentioned by a couple of interviewees is that of nonprofit efficiencies. They believed that the amount of money being poured in the nonprofit sector has created too many niche

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<sup>7</sup> Capacity building (staff training and development) is considered part of overhead costs.

organizations that are now competing with one another for clients and funding. There may be trend towards more mergers within the nonprofit sector as competition grows.

More research in all of these areas will likely produce interesting and useful findings that can be integrated into the conversation about leadership development into the nonprofit sector.

#### 5.4 Concluding Thoughts

Leadership is the single, most important factor in predicting the future success of nonprofit organizations. As Thomas Tierney points out, if the leadership deficit is not addressed today, the entire sector will suffer. “Staff will become frustrated, donors discouraged, and reputations tarnished. And while the sector stumbles, the deepest suffering will be visited upon the millions of people who rely, directly and indirectly, on the services that nonprofits provide and the social value to create” (Tierney, 2006, p. 36). Solving the leadership crisis in the nonprofit sector begins first with understanding – understanding how the sector has changed, how leadership has had to adapt to these changes and what the leadership model will look like for the future. Only then can we identify, recruit and develop the right people for the job.

The nonprofit sector is at an exciting time right now. There is a lot of richness that exists within the sector as it has matured. Corporations, social entrepreneurs, the government and nonprofit leaders are beginning to find new, innovative ways to develop new programs and frameworks to address social needs. As the nonprofit sector places more emphasis on leadership, people are beginning to see the interconnectedness of each sector and what they can do address the leadership deficit together. Leadership development, if done right, can dramatically change an organization. While leadership is a central theme in all sectors, nonprofit leadership is very unique. Nonprofit leadership often requires motivating others even when there is little to no

incentive for them to follow. In that respect, we can all learn from the nonprofit leader. As Jim Collins (2002) predicts, perhaps our next generation of great leaders will not be from the private sector, but rather from the admirable individuals of the nonprofit world.

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## Appendix

### **Exhibit 1 – Interview Guide for Nonprofit Leaders**

**Objective of Study:** I first became interested in the topic of nonprofit leadership development through an article published by the nonprofit consulting firm, Bridgespan, titled “The Nonprofit Sector’s Leadership Deficit” by Thomas Tierney. In this article, Mr. Tierney says that nonprofits will need to recruit and develop 640,000 new senior managers – nearly 2.5 times the number currently employed in the next decade. In addition, there has also been an increase in donations as baby boomers age, a proliferation of foundations, and a stronger interest in social entrepreneurship and CSR. After doing some more research, I found that growth in the nonprofit sector is outpacing growth in the rest of the economy and that nonprofits added jobs at a much higher rate than did employers as a whole. This, to me, poses a very interest issue to explore: how the sector will attract, develop and retain enough leaders in the future.

I am currently conducting a research study exploring how this situation has come about. My primary focus is on the paths and pathways in developing leaders in nonprofits. In the study, I am interviewing nonprofit leaders to understand their backgrounds and opinion on the issue. In my interview with you, I hope to get your perspective on: (i) the changes in NPO leadership from the past and today (examining if there is an actual old and new model of NPO leadership); (ii) the role of career development in NPO leadership development; (iii) the role of graduate school education in NPO leadership development, with emphasis on MBA programs; and (iv) how career development and education play a role in addressing the changes in the model for NPO leadership.

Your participation in this interview process is voluntary. I would love to be able to use your name in my report, however, if you prefer, I am happy to keep the information you provide anonymous. You are free to decline to answer any questions we ask you for any reason or no reason. The interview should take about thirty to forty-five minutes. We are happy to provide you with a copy of the findings.

If it is all right by you, I’d like to record our conversation. If there’s anything that you would like to say “off the record,” just let me know and I’d be more than happy to turn off the recorder. Do you have any questions? May I turn on the tape recorder?

#### **Section 1: Background Information**

**I’d like to begin by understanding your background, your motivation for entering the nonprofit sector, and your current role in your organization.**

- Can you elaborate on your background for me (skip if resume provided)
- What is your current role in your organization?

***On a scale of 1 to 5, 5 being very difficult and 1 being not difficult at all, how difficult is it to be the leader of your an organization?***

## **Section 2: Leadership Roles**

**Next, I'd like to talk to you about how you see your role in the nonprofit sector, and**

- What do you think defines a leader in nonprofits?
- To develop your leadership role, what resources do you use?
- Do you think leadership is different today than say 10-20 years ago?

*On a scale of 1 to 5, 5 being very different and 1 being almost the same, how different or alike are nonprofit leaders of the past and nonprofit leaders today?*

## **Section 3: Career Development**

**Next, I'd like to talk to you about the role in which career development programs play in developing leaders in nonprofits**

- Have you ever participated in career development programs (i.e., – training/ classes, online forums, mentorship program, books etc)?
- When you began in the nonprofit sector, did you find the “career path” hard to navigate? Why or why not? If you were previously working in the for-profit world, could you compare and contrast your experiences in pursuing a career path?
- Was there enough support from your organization to help you in developing leadership skills such as managing others, running an organization, and so forth?

*On a scale of 1 to 5, 5 being very concerned and 1 being not concerned at all, how concerned are you about career development for your employees in your organization?*

## **Section 4: Education**

**The other area in which I would like to explore is the role graduate school programs, such as MBAs and Social Policy programs, play in leadership development**

- Did you attend graduate school? If so, for what reasons? If not, do you wish you had (or do you plan to)?
- If you attended graduate school:
  - Do you think graduate school sufficiently prepared you for leadership roles in nonprofits?
  - Do you think graduate school offered enough courses for you to get a taste for what managing nonprofits would be like?
  - Did your graduate program encourage you to pursue the nonprofit sector or did you have to seek it out yourself?

*Using the same scale as above, how important do you think graduate school education is for leadership development in nonprofit organizations?*

## **Section 5: Conclusion**

**I'd like to end with a few, more general concluding questions. I would like to hear your personal opinion from where you stand in the nonprofit world.**

- Do you believe there is a leadership deficit in the nonprofit sector?
- Do you have any final questions or comments?

*Again, using the same scale, how important an issue is the leadership deficit for the nonprofit sector?*

Thanks for your time, and your candor. If we have any further questions or clarifications, would it be okay for me to contact you? In addition, should you have any questions or issues about the interview, please feel free to contact me at 908-720-3077 or by email at [lisaj2@wharton.upenn.edu](mailto:lisaj2@wharton.upenn.edu).



**Exhibit 2 – List of Nonprofit Leaders Interviewed**

<b>Name</b>	<b>Name of Organization</b>	<b>Position</b>	<b>Interview Date</b>
James Balfanz	City Year Incorporated	COO	14-Feb
Leslie Benoliel	Philadelphia Development Partnership	Executive Director	28-Jan
Karen Berman	Youth Renewal Fund	Executive Director	23-Jan
Eileen Bryson	Nonprofit/NGO Leadership Program	Student	4-Feb
Nancy Burd	The Burd Group	Founder	20-Feb
Cheryl Casciani	Baltimore Community Foundation	Program director	7-Feb
Deborah Close	Doris Duke Charitable Foundation	Chief Information Officer	14-Feb
Elizabeth Dow	LEADERSHIP Philadelphia	President	27-Feb
Janis Dworkis	Jewish Family Service	Marketing manager	14-Feb
Jody Ellant Esq.	Keep the Children Safe, LLC	Chairperson	18-Feb
Linda Frank	Rockefeller Foundation	Director, Human Resources	31-Jan
Robyn Goldman	Girl Scouts of Eastern Pennsylvania	Vice-President of Operations	23-Jan
Cheryl Hayes	The Finance Project	Executive Director	21-Feb
Jill Helme	Nonprofit/NGO Leadership Program	Student	4-Feb
Barry Kirschner	The Valerie Fund	Executive Director	7-Feb
Sherryl Kuhlman	Big Brothers Big Sisters Southeastern PA	Director	11-Feb
James Lytle	University of Pennsylvania's Graduate School of Education	Practice Professor	21-Feb
Richard Perkins	Kimmel Center for the Performing Arts	Chief Financial Officer	8-Feb
Katherina Rosqueta	Center for High Impact Philanthropy	Executive Director	6-Feb
Julia Rowe	Institute for Healthcare Improvement	Project Manager	5-Feb
David Simms	Bridgestar	Managing Partner	15-Feb
Linda Smith-Shearer	The Masters School	Director of Major Gifts and Planned Giving	7-Feb
Jon Spack	Nonprofit/NGO Leadership Program	Student	11-Feb
Morvarid Taheripour	American Red Cross	Managing Partner	28-Jan
Katherine Truitt	Nonprofit/NGO Leadership Program	Student	29-Jan

### Exhibit 3 – Demographic Information for Interviewees

Figure 1. Gender Breakdown

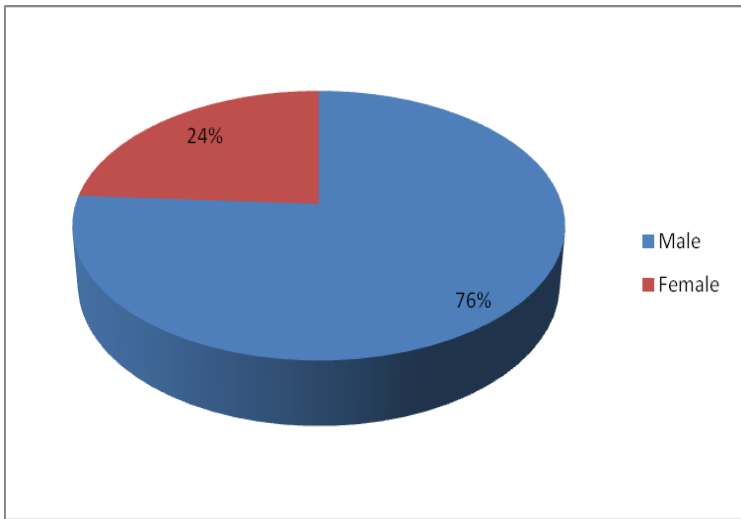


Figure 2. Age Breakdown

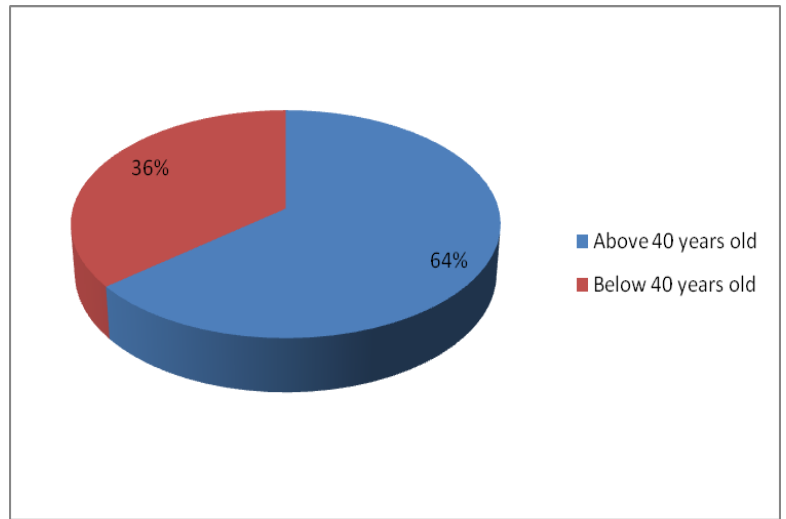


Figure 3. Breakdown of prior education

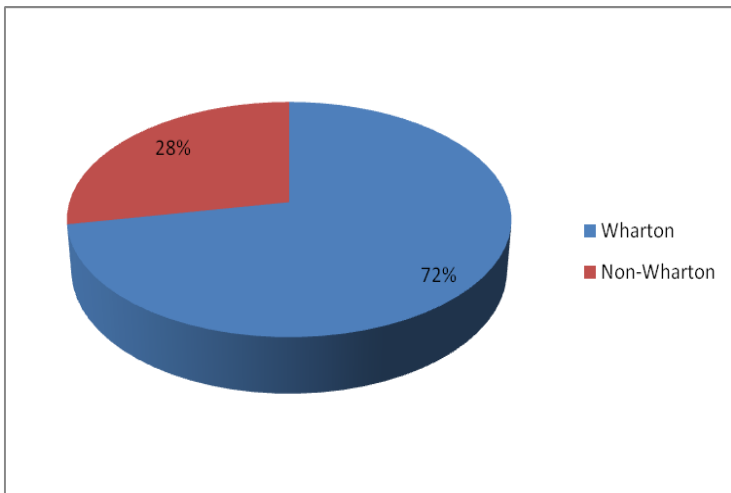
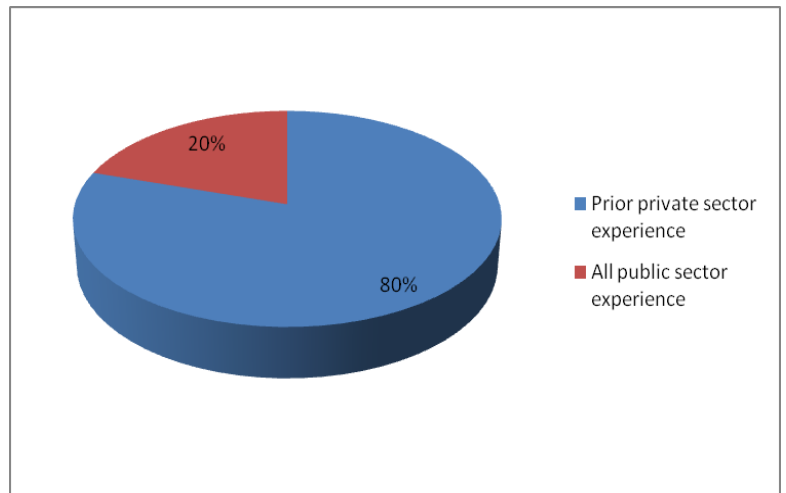


Figure 4. Breakdown of prior work experience



**Exhibit 4 – Outline for Business School Programs Interviewed**

School	Program Title	Location	Enrollment	Ranks		
				US News & World Report (2008)	US News & World Report - Nonprofit (2008)	Beyond Grey Pinstripes - Aspen Institute 2007/08
Duke - Fuqua	Center for the Advancement of Social Entrepreneurship (CASE)	Durham, NC	830	12	7	26
Stanford GSB	Center for Social Innovation - Public Management Program	Palo Alto, CA	764	2	3	1
Northwestern - Kellogg	Center for Nonprofit Management/SEEK	Evanston, IL	1089	5	4	Not listed
University of Michigan - Ross	Nonprofit and Public Management Center	Ann Arbor, MI	849	11	5	2
the Wharton School	Nonprofit Board Leadership Program	Philadelphia, PA	1594	3	11	Not listed

**Exhibit 4 – Outline for Business School Programs Interviewed (Continued)**

School	Program Title	Interview Date	Contact Person	About/Mission	Sample Course Offerings at School
<b>Duke - Fuqua</b>	<b>Center for the Advancement of Social Entrepreneurship (CASE)</b>	2/28/2008	Matt Nash - CASE Associate Director	Preparing MBAs for lifelong, entrepreneurial leadership in the social sector. Providing real world opportunities for learning and social impact. Reducing the financial barriers to pursuing social entrepreneurship careers.	-Social Entrepreneurship Elective -Corporate Social Impact Management -Global Consulting Practicum in Social Entrepreneurship
<b>Stanford GSB</b>	<b>Center for Social Innovation - Public Management Program</b>	3/6/2008	SatKarter Khalsa - Associate Director of Public Management Program in Center for Social Innovation	The Public Management Program's mission is "to improve the welfare of individuals, communities and the world by preparing MBA students to apply their management and leadership skills to social problems."	-Strategic Leadership of Nonprofits -Public Management Initiative -Strategic Issues in Philanthropy -Frontiers of Social Innovation
<b>Northwestern - Kellogg</b>	<b>Center for Nonprofit Management/SEEK</b>	3/17/2008	Liz Howard - Adjunct Assistant Professor of Social Enterprise	SEEK's mission is to "Converging challenges that managers face today as they strive to be socially responsible global leaders in their chosen fields."	-Leading the Mission Driven Enterprises -Leadership in Fundraising and Marketing -Board of Governance of Nonprofit Organizations -Value-Based Leadership -Nonprofit Financial & Budget Analysis

<p><b>University of Michigan - Ross</b></p>	<p><b>Nonprofit and Public Management Center</b></p>	<p>4/22/2008</p>	<p>Ashley Zwick - Managing Director of Nonprofit and Public Management Center</p>	<p>The Nonprofit and Public Management Center is a collaboration among the University of Michigan's School of Social Work, Gerald R. Ford School of Public Policy, and Stephen M. Ross School of Business, each of which is perennially among the top-ranked school</p>	<ul style="list-style-type: none"> <li>-Business Strategies for Base of the Pyramid (Business School)</li> <li>-Bargaining and Influence Skills (Business School)</li> <li>-Solving Societal Problems Through Enterprise and Innovation (Business School)</li> <li>-Program Evaluation (School of Social Policy)</li> <li>-Poverty and Inequality (School of Social Work)</li> </ul>
<p><b>the Wharton School</b></p>	<p><b>Nonprofit Board Leadership Program</b></p>	<p>4/16/2008</p>	<p>Lynn Krage - Nonprofit Board Leadership Program</p>	<p>The Non-Profit Board Leadership Program ("NPBLP") at the Wharton School was launched in the spring of 2005 with the goal of creating an experiential learning environment for students that would also support local non-profits. The program is rooted in a commitment to serving the long-term needs of non-profit organizations in the Philadelphia area. Together, it is envisioned that both Wharton and local non-profits can help each other succeed and achieve a rich understanding of the growing intersection between business and non-profit activities.</p>	<ul style="list-style-type: none"> <li>-Community Reinvestment</li> <li>-Entrepreneurship and Social Wealth Creation</li> <li>-Microfinance</li> </ul>

## **Exhibit 5– Interview Guide for Graduate School Program Directors**

**Objective of Study:** I first became interested in the topic of nonprofit leadership development through an article published by the nonprofit consulting firm, Bridgespan, titled “The Nonprofit Sector’s Leadership Deficit” by Thomas Tierney. In this article, Mr. Tierney says that nonprofits will need to recruit and develop 640,000 new senior managers – nearly 2.5 times the number currently employed in the next decade. In addition, there has also been an increase in donations as baby boomers age, a proliferation of foundations, and a stronger interest in social entrepreneurship and CSR. After doing some more research, I found that growth in the nonprofit sector is outpacing growth in the rest of the economy and that nonprofits added jobs at a much higher rate than did employers as a whole. This, to me, poses a very interesting issue to explore: how the sector will attract, develop and retain enough leaders for the future.

I am currently conducting a research study exploring how this situation has come about. My primary focus is on the paths and pathways in developing leaders in nonprofits. In the study, I am interviewing Social Entrepreneurship or Nonprofit Management program directors from the top business schools in the country. In my interview with you, I hope to get your perspective on: (i) the changes in NPO leadership from the past and today (examining if there is an actual old and new model of NPO leadership); (ii) the role of graduate school education in NPO leadership development, with emphasis on MBA programs and (iii) how education plays a role in addressing the changes in the model for NPO leadership.

Your participation in this interview process is voluntary. I would love to be able to use your name in my report, however, if you prefer, I am happy to keep the information you provide anonymous. You are free to decline to answer any questions we ask you for any reason or no reason. The interview should take about thirty to forty-five minutes. I would be happy to provide you with a copy of the findings.

If it is all right by you, I’d like to record our conversation. If there’s anything that you would like to say “off the record,” just let me know and I’d be more than happy to turn off the recorder. Do you have any questions? May I turn on the tape recorder?

### **Section 1: Background Information**

**I’d like to begin by understanding the Program that you help run.**

- Can you elaborate on what your Program offers to students (its mission, its curriculum, the faculty)?
- What is the Program’s relationship with the MBA curriculum (within MBA, partnering with MBA, dual-degree, etc)?
- Could you describe the types of students who apply and students who enroll in your specific program? Have the types of students changed over the years?

***On a scale of 1 to 5, 5 being very supportive and 1 being not supportive at all, how supportive are the senior leaders of your MBA affiliate of your Program?***

### **Section 2: Leadership Roles**

**Next, I'd like to talk to you about how you see the nonprofit sector**

- Do you think leadership in nonprofits is different today than say 10-20 years ago?
- How has your program evolved over time? How has it addressed any changing requirements of leadership?
- Do you think your program has an appropriate curriculum to prepare students for leadership roles in today's nonprofits? If you could change something, what would it be? Why?

*On a scale of 1 to 5, 5 being very prepared and 1 being not prepared at all, how prepared are students who graduate from your program to take on leadership roles in today's nonprofits?*

### **Section 3: Education**

**The next area looks at the role graduate school programs, such as MBAs, play in leadership development**

- Does your program or school provide training specifically in nonprofit leadership skills or nonprofit management skills? Do you distinguish between the two? If so, how?
- What specific courses are offered in the area of leadership and management skills?
- How would you compare your program which is done in the context of an MBA program to that of graduate training at, for example, a School of Social Policy or of Public Policy and Government?

*Using the same scale as above, how important do you think graduate school education is for leadership development in nonprofit organizations?*

*How important do you think an MBA is for leadership development in nonprofit organizations?*

### **Section 4: Career Development**

**Next, I'd like to talk to you about the role in which career development in MBA programs play in developing leaders in nonprofits**

- What career development or career resources are available at your school for those interested in the nonprofit or public sector?
- Do nonprofit organizations recruit on-campus?
- Do you have relationships with specific nonprofits? If so, what form do those relationships take?
- Do you introduce students to alums in the nonprofit field?

*On a scale of 1 to 5, 5 being very supportive and 1 being not supportive at all, how supportive is your career services team in promoting non-profit careers?*

### **Section 5: Conclusion**

**I'd like to end with a few, more general concluding questions.**

- Do you believe there is a leadership deficit in the nonprofit sector? If so, what form does it take (is it a matter of numbers of people or of skills)?
- If yes, do you think MBAs have a role to play in addressing this deficit?
- Do you have any final questions or comments?

*Again, using the same scale, how important an issue is the leadership deficit for the nonprofit sector?*

Thanks for your time, and your candor. If we have any further questions or clarifications, would it be okay for me to contact you? In addition, should you have any questions or issues about the interview, please feel free to contact me at 908-720-3077 or by email at [lisaj2@wharton.upenn.edu](mailto:lisaj2@wharton.upenn.edu).



**Exhibit 6 – Comparison of Graduate Program Offerings at the University of Pennsylvania**

	<b>The Wharton School <i>Nonprofit Fellows Program</i></b>	<b>Penn’s School of Social Policy and Practice <i>Masters in Nonprofit/NGO Leadership</i></b>	<b>Fels Institute of Government <i>Certificate in Nonprofit Administration</i></b>
<b>Hard Skills</b>	Marketing, Finance, Accounting, Information Technology, Statistics	Domain-specific knowledge	Governance, Budgeting, Marketing and Financial Management in NP
<b>Soft Skills</b>	Leadership and Teamwork, Communication,	Group dynamics, Leadership & Capacity Building, Stewardship	Advocacy, Lobbying
<b>Management Skills</b>	Strategy, Operations, Organizational Management, Negotiation, Entrepreneurship	Strategic Planning and Resource Development, Actions and Efficacy, Measurement, Stakeholder management	Strategic planning, Capacity Building, Human Resource Management
<b>Other benefits</b>	Nonprofit/For-profit network “We need people with MBAs because, at the end of the day, nonprofits need to get things done beyond just theoretical and academic work.”	Social sector network Faculty experience “The NP/NGO Leadership program is perfect for me because it is financially more affordable, geared towards those who have had leadership experience, taught by experts in the field I am interested in.”	Faculty experience “At Fels, we get people from the field which makes the program much more practical in its application and orientation.”