DRAFT

Nonprofit Leadership in the Rural South

A Regional Study of Executive Transition and Next Generation Leadership

Rural Support Partners and The Annie E. Casey Foundation

ABSTRACT

This study presents findings from an online survey with 267 nonprofit organizations across the rural southeastern United States. It focuses on the generational shift occurring in nonprofits, as leaders over 50 move out and younger leaders move in. Around two-thirds of the executive directors we surveyed plan to leave their jobs within the next five years. Executive directors report that they are overworked and underpaid. They lack adequate support from their boards, their fellow staff members, and their funders. Nonprofits lack the money they need to do their work well; they report a particular need for more general operating support and multi-year grants. Even though the generational transition in executive leadership is occurring and will likely increase, many nonprofit organizations may not be ready for executive transitions. Many of the nonprofits we surveyed lack key organizational capacities needed to make smooth, effective transitions to new executive leadership. A key to a successful transfer of leadership in the nonprofit sector will be attracting the next generation of young leaders. In previous research, next generation leaders have outlined some of the changes in the sector that they would like to see. The nonprofits that we surveyed are doing a few things to attract young leaders, but not many. Finally, our data suggest that rural nonprofits may need more support than urban nonprofits during this generational shift. In sum, rural southern nonprofits are overworked and underfunded. Executives are stretched too thin, with too many job responsibilities, inadequate salaries, and too little support. Most executives are planning to leave their jobs in the near future. Our findings suggest that collectively, as a sector, we may not yet be ready for the generational shift that is occurring.

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This report was written by:
Rural Support Partners
775 Haywood Rd., Suite K
Asheville, NC 28806
www.ruralsupportpartners.com
Thomas@ruralsupportpartners.com

This study was funded by:
The Annie E. Casey Foundation
701 St. Paul Street
Baltimore, MC 21202
www.aecf.org
webmail@aecf.org

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Introduction

In the United States, 17% of the population lives in rural areas.[1] Yet rural nonprofit organizations receive around 0.2% of all domestic grant funding made by U.S. private foundations.[2]

Although they receive little funding, there is a high need for nonprofit organizations in rural areas. Nonprofit organizations are often on the front lines of efforts to help people and places move out of poverty. And poverty is high in rural areas across the U.S., especially in the South.

Poverty rates are higher in rural areas than in urban areas. In 2009 in the U.S., 17.3% of the population lived in poverty in rural areas, compared to 13.9% in urban areas.[3] Rural poverty is particularly high in the Southeast. In 2009, 68% of the 50 U.S. rural counties with the highest poverty rates were located in southern states.[3] These high-poverty counties are located mostly in Central Appalachia and in the southern Black Belt, which runs from coastal NC to southern GA then west across to the Mississippi Delta.

Despite high poverty rates and little funding, nonprofit organizations across the rural South accomplish a great deal. They provide needed services, bring people together to improve their communities, find solutions to community challenges, nurture our cultures, provide a voice for the voiceless, and advocate for systems and policy changes. Without their work, communities across the South would be far less livable.

This study aims to shed some light on the capacities and leadership of nonprofit organizations in the rural U.S. Southeast.

Across the U.S., the nonprofit sector is experiencing a generational transfer of leadership.[4-10] Broadly speaking, executive directors who are 50 and older are moving out of nonprofit leadership, and a new generation of younger people is moving in.

The research that has documented this generational transfer of leadership has focused on urban areas. There have been very few studies of nonprofit leadership, executive transitions, and next generation leadership in rural areas, and no studies that we know of in the rural Southeast.

This study replicates the largest of the previous studies focused on executive director transitions in the nonprofit sector.[4,5] We took the questions asked in previous urban studies and asked them to nonprofit executives across the rural South. Through these data, we can begin to get a sense of what might be similar or different about executive leadership, executive transitions, and next generation leadership in rural areas, particularly in the South.

This research study was conducted by Rural Support Partners, a social enterprise working across the southeastern U.S. to support rural nonprofits around management, evaluation, and strategy. The Annie E. Casey Foundation provided funding for the study. We worked in close partnership with the Mary Reynolds Babcock Foundation in designing the study and getting our online survey to other foundations across the Southeast. Finally, a range of foundations (listed on the Acknowledgements page above) helped us by sending the online survey to their grantees.

Overview of Major Findings

This study consisted of an online survey disseminated by foundations to their grantees across the rural southeastern United States. Two hundred and sixty-seven (267) nonprofit organizations responded to the survey. These organizations represent rural communities from across the Southeast, from Virginia and West Virginia to Kentucky and Tennessee to Arkansas and Louisiana and down to Florida, and all points in between.

Some of the major findings from this study confirmed earlier research. Other findings extended previous research. There are also some new findings. This report is organized to highlight findings in seven areas.

1. Executives plan to leave their jobs, but not the nonprofit sector, within five years. Sixty-three percent (63%) of executive directors responding to our survey plan to leave their job within the next five years; 7% were in the process of currently leaving. Despite the large number of executives considering leaving, only a third of respondents have discussed succession planning with their boards and only 15% have a succession plan in place. Few departing executives, only 28%, see themselves taking a position as executive director in another nonprofit; however, 75% see themselves staying in the nonprofit sector (i.e., working in nonprofits as an executive or in another role, as a consultant, or in a foundation).

2. Executives lack support in their roles as executive director. Executive directors in this study reported that they often lack adequate support from their boards, from fellow staff members, from funders, or from other outside supports. While 80% of executives feel personally supported by their board, only 42% feel that their board has experience managing a nonprofit organization, 45% feel that their board is an engaged leadership body, 51% feel that their board challenges them to be a more effective leader, and 54% feel that their board discusses strategic issues and direction. While 61% of executives have a management team within their staff, only one-third of responding executives have a senior manager focused on fundraising, technology, or human resources. In terms of funders, respondents reported that the clearest support would be providing more multi-year support and providing more general operating support. Finally, while most executives have used outside training, support, and development (e.g., workshops and conferences, professional associations), these outside support resources appear to be a low priority for them – they listed increased funds for professional development as the lowest priority among potentially helpful actions that funders could take.

3. Executives feel that they make significant sacrifices to lead nonprofits. The average salary for nonprofit executive directors in the current study was $54,000, compared to $74,602 in a recent national, urban study of executive transitions.[5] Seven percent (7%) of all executives surveyed in this study worked as volunteers, with no salary or payment. Executives in larger organizations generally earn higher salaries compared to executives in smaller organizations. In 45% of the organizations surveyed, the organization makes a contribution to the executive's retirement account; these contributions were more likely in larger organizations than smaller ones. Sixty-two percent (62%) of executives surveyed feel they have made a significant financial sacrifice to work in the nonprofit sector. Money is not all that executive directors sacrifice, though: 38% of respondents feel that other aspects of their life (e.g., friends, family, and hobbies) suffer because of the demands of their work. Finally, while women lead nonprofits more often than men (56% of respondents' organizations were led by women, 44% by men), women make less money than men overall ($48,738 on average for female executives, $60,468 for males). Women are also noticeably more likely to feel that they make financial and non-financial sacrifices to work in the nonprofit sector.

4. Executives are concerned about finding future leaders for their organizations. It is not clear who will replace the executives that will be leaving over the next five years. A fair number of executive directors come from within organizations' existing networks (20% hired from boards, 24% hired from former constituents, 31% hired internally from staff). Relatively few current executives (26%) are former executives. Of the organizations surveyed, 39% are actively developing other people in their organization to be an executive director and 55% of executives believe that a member of their management team could be a credible candidate for their job. Respondents in this study feel that the main barriers to hiring their successor are too many job responsibilities, difficulty raising operating support, and insufficient compensation. Two-thirds (67%) of respondents feel that their organization will have to pay their successor more, most likely between 11 and 20% more.

5. Many nonprofits lack key capacities needed to transition well. Publications on nonprofit executive transitions suggest that there are certain organizational capacities that an organization needs to have in place if an executive transition is to go smoothly.[6,7] The research on executive transitions, however, has not yet looked to see if the organizations have these capacities in place. Our research found that around 75% of nonprofits report having a strategic plan and sound financial management in place, while around 50% report having strong and diverse boards, shared responsibility for fundraising, cash reserves, and a management team. Very few organizations (14%) have a succession plan in place. In sum, many nonprofit organizations appear to lack capacities needed to make smooth, effective executive transitions. This is as true of larger organizations as it is for smaller organizations, although in different areas of organizational capacity.

6. Nonprofits are doing some things that may attract the next generation of leaders, but not many. Recent research has found that the next generation of leaders in the nonprofit sector is looking for certain characteristics in nonprofits if they are going to be willing to step into executive director roles.[8,9,10] We explored the extent to which these characteristics currently exist in nonprofit organizations across the rural South. Beginning with the characteristics that are common in nonprofits, around 75% of respondents report that they have young people working in their organizations and that they use participatory decision-making, at least some of the time. Around 50% of respondents report that their organizations have young people on their management team, that they invest in the development of their young people, that they address multiple forms of oppression, and that they encourage executives to maintain a healthy balance between work and life. Lower numbers of respondents (generally between 30 and 40%) reported that their organization has an adequate compensation package for its executive, has considered rethinking traditional executive director roles, or has considered leadership models that are alternatives to traditional, hierarchical leadership.

7. Rural nonprofits differ from urban nonprofits in some intriguing ways. Most of the organizations participating (72%) in this study were based in rural areas, but some were not. Few previous studies of executive transitions focused on rural organizations; this sample therefore provides a chance to explore whether or not rural nonprofit organizations tend to differ in noticeable ways from urban organizations. In our sample, rural organizations tended to be smaller, more likely to have an executive who does not work full-time, and more likely to have an executive who is a founder. Rural executives also earn less than urban executives, and they feel that they make greater financial sacrifices to work in the nonprofit sector. Rural executives are also more likely to be leaving the nonprofit sector in the near future. Finally, rural executives reported that they see few potential candidates to replace them when they leave, because the pool of potential qualified applicants is much smaller in rural areas than in urban areas.

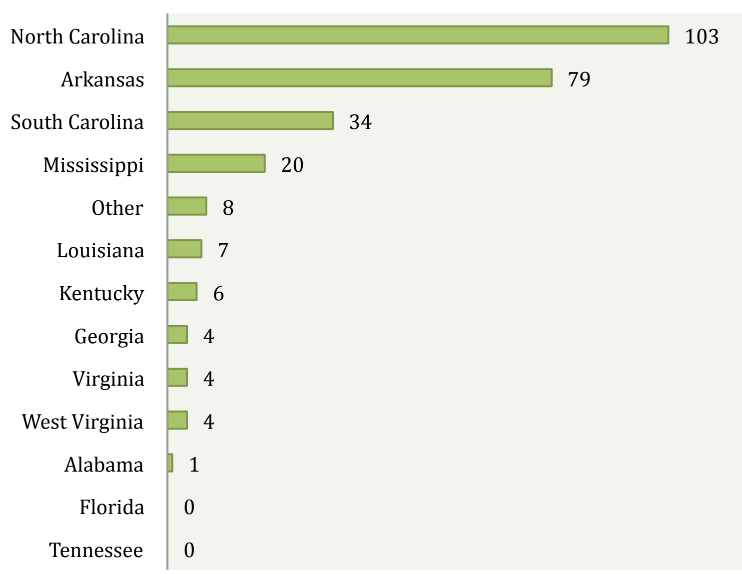
Sample and Methodology

Rural Support Partners developed the online survey based on the questions asked in the most recent national surveys of executive transitions and next generation leadership from The Annie E. Casey Foundation[4] and from CompassPoint Nonprofit Services.[5] We worked closely with staff at The Mary Reynolds Babcock Foundation to develop a list of foundations across the Southeast to invite to help disseminate the online survey to their grantees. The Mary Reynolds Babcock Foundation provided us with contacts at the foundations and sanctioned this research to other foundations. We invited 22 foundations across the rural Southeast to help us disseminate the survey; 14 eventually sent the survey to its grantees or posted notice to their grantees in some way (see the list of foundations on the Acknowledgements page). We received a total of 267 completed surveys. Of these, 195 were from organizations based in rural areas or working primarily in rural areas.

About the Sample

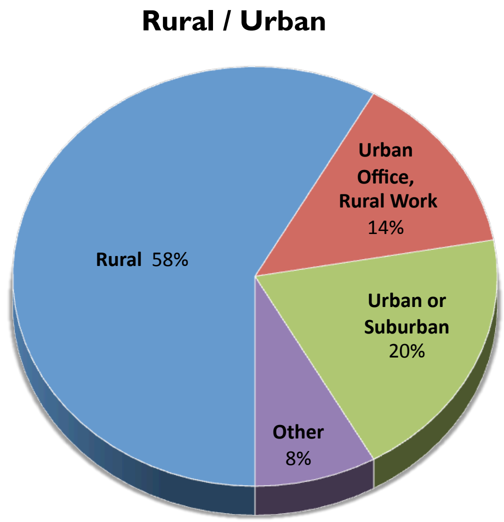
The charts and graphs below provide an overview of the 267 organizations that responded to the online survey. There are several characteristics of these organizations worth noting.

Location of Main Office



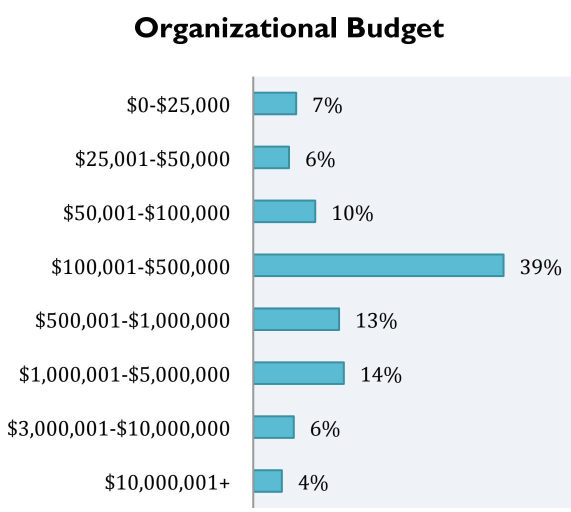
Geographic spread. First, while they are all located in the southeastern United States, organizations that responded to our survey were not spread evenly across the South. There are obviously a large number of organizations from North Carolina and Arkansas, and to a lesser extent South Carolina and Mississippi. There are fewer organizations from other states.

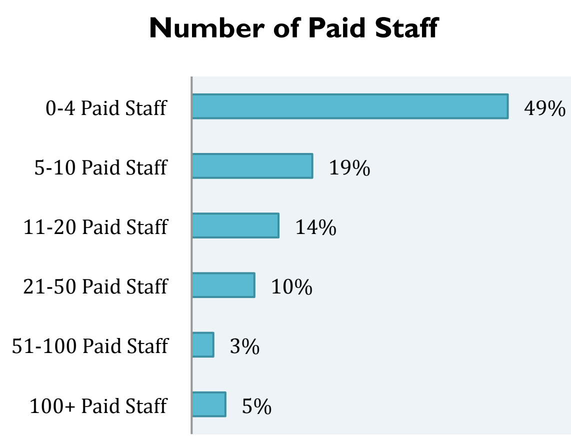
This discrepancy in geographic location across our responses is likely an artifact of the way we disseminated our survey. We asked foundations across the Southeast to send out the online survey by email to their grantees. Grantees from foundations in North Carolina and Arkansas seemed to be particularly likely to complete the survey. The number and amount of foundations that disseminated the survey was fairly evenly spread across the South; the responses from foundations' grantees, however, were not.



Mostly rural organizations. A second characteristic worth noting is that this sample is not completely rural. We followed the federal government in defining *rural* as a town less than 50,000 people.[11] Seventy-two percent (72%) of all organizations surveyed either were rural organizations or organizations that have their offices in an urban area but work primarily in a rural area. Twenty percent (20%) were urban or suburban organizations. Eight percent (8%) checked "other" on the survey; these were mostly organizations based in urban areas that worked equally in urban and rural areas. So the overall sample here is *mostly*, but not exclusively, rural. The major previous studies on executive transitions did not include data on rural organizations.[4,5]

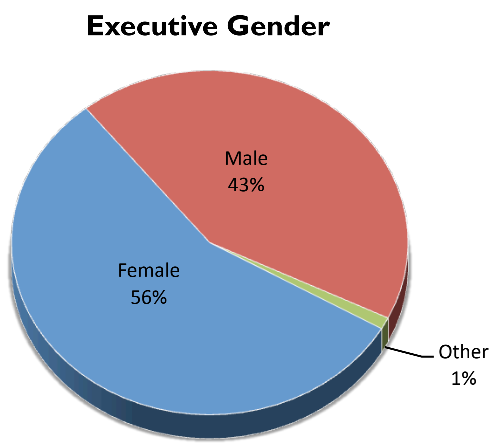
Small organizations. The nonprofit organizations surveyed in this study were generally much smaller than the organizations previously surveyed in national, urban studies of executive transitions.[4,5] In *Daring to Lead 2006*, for instance, 26% of organizations surveyed had 0-4 paid staff; in this study it is 49%.[5] Similarly, 8% of organizations in *Daring to Lead* had budgets of $100,000 or less;[5] in this study it was 23%. The organizations surveyed in this study are noticeably smaller than in previous studies, both in terms of paid staff and budget size.

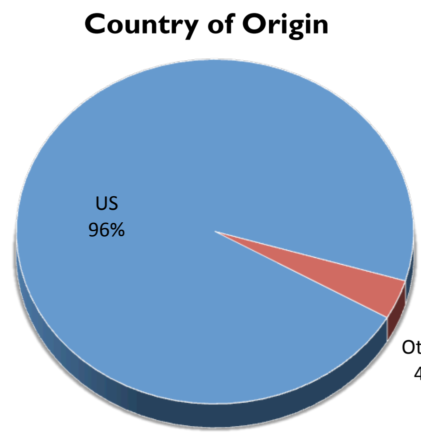


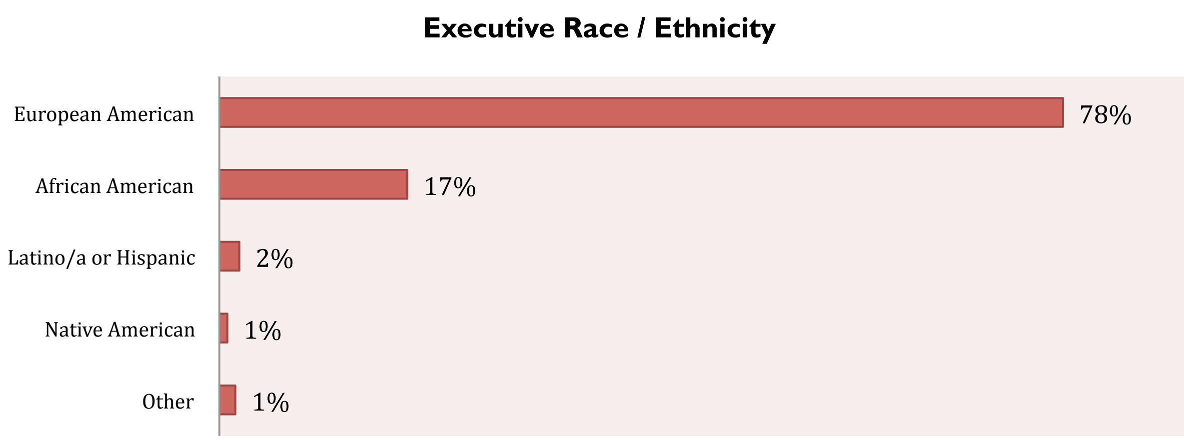


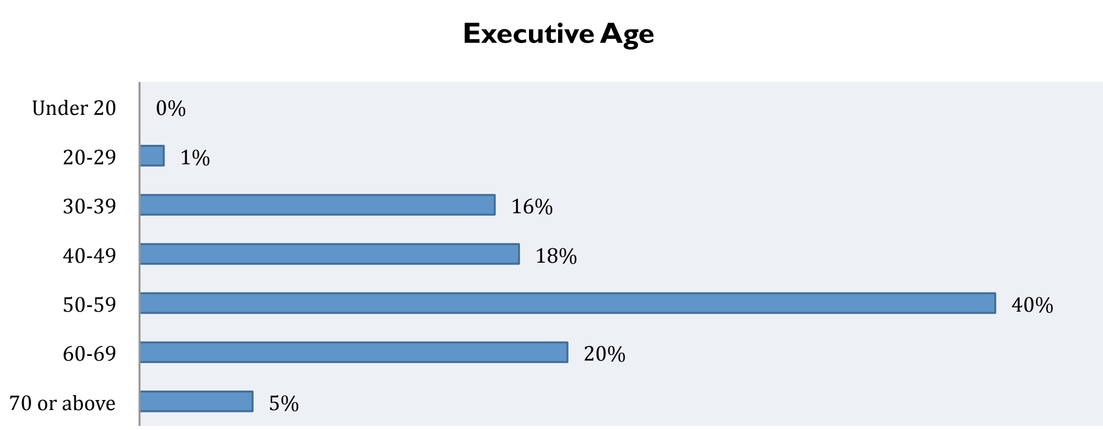
Profile of Nonprofit Executives

The Executive Directors who completed the online survey in this study had the following characteristics:

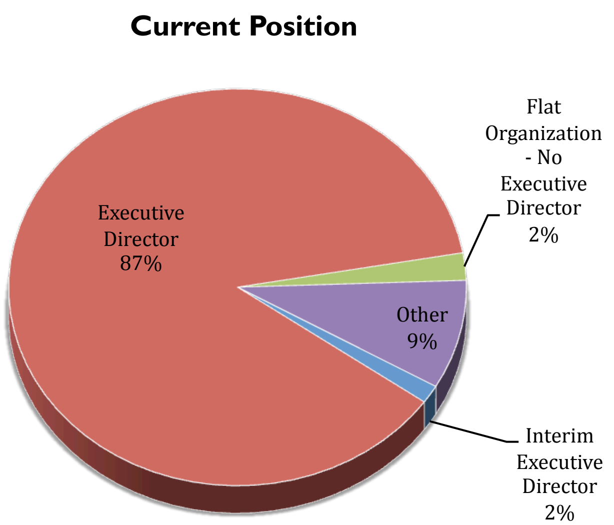


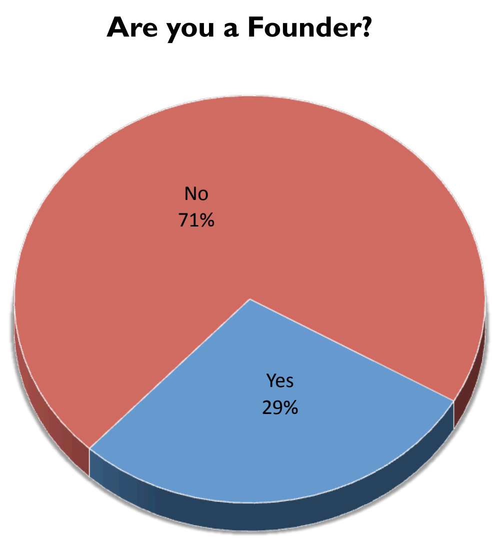


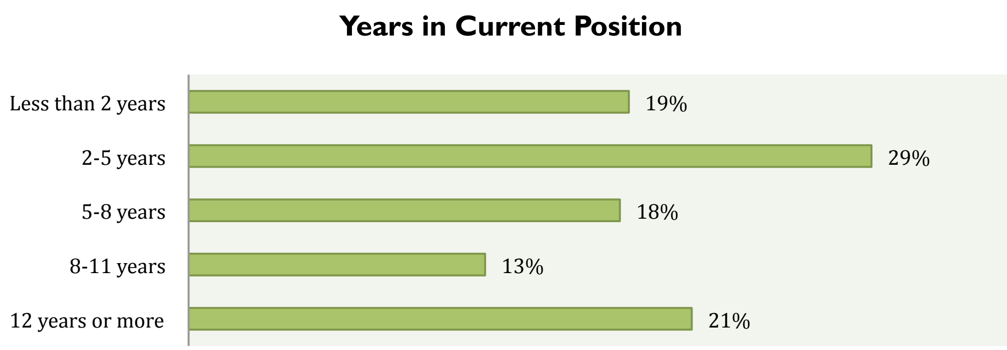


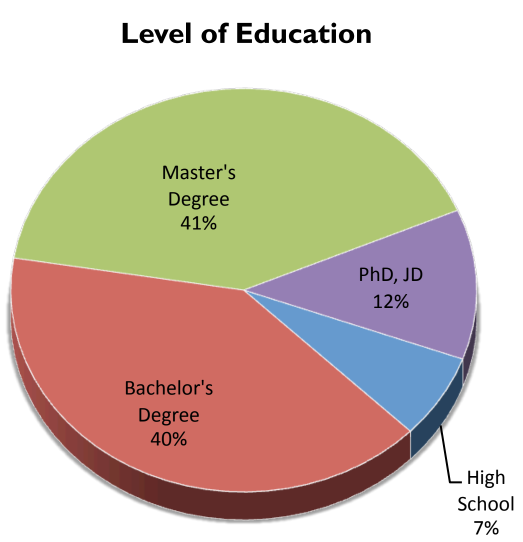


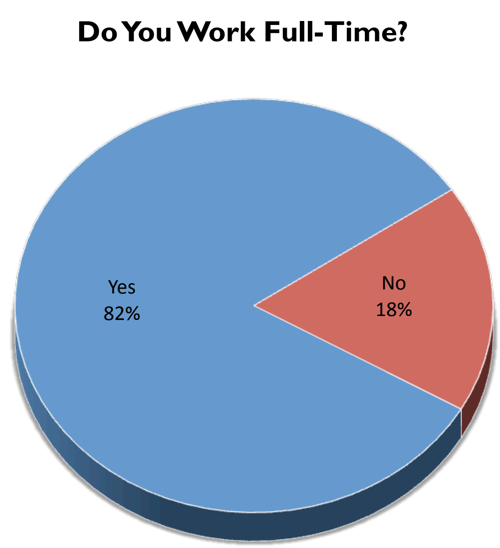
Profile of Nonprofit Executives











The previous pages outline the sample of 267 nonprofit executive directors who responded to the online survey in this research study. There are many ways in which the sample of organizations and executive directors in this study is similar to the samples of the most recent large studies of executive transitions, particularly the 2004 study conducted by The Annie E. Casey Foundation[4] and *Daring to Lead 2006*.[5]

On most of the variables, the three research samples are largely similar or congruent. There are, however, a few differences worth noting. These are outlined in the table below.

	Rural South 2010	Casey Survey 2004	*Daring to Lead* 2006
Sample Size	267	2,200	1,932
Sample Geography	Rural, South	Urban, nationwide	Urban, nationwide
% Budgets < $100,000	23%	7%	8%
% Women Executives	56%	58%	66%
% African American Executives	17%	10%	7%
% European American Execs	78%	84%	82%
% Executives Aged 60+	25%	11%	16%
% Executives with Master's	41%	47%	49%
% Founders	29%	19%	21%

Briefly summarized, the differences between the sample in the current study and the samples in the previous two major studies can be outlined as the following:

- The current sample size is much smaller, roughly one-tenth as many organizations surveyed as in the previous two studies.
- The current sample is mostly rural and focused in the Southeast, as opposed to urban, nationwide samples in the previous studies.
- The percentage of smaller nonprofit organizations in the current sample is roughly three times as large as the percentages in the previous two studies.
- The percentage of female executive directors is lower than *Daring to Lead 2006* but about the same as the 2004 Casey study.
- The current sample includes a higher percentage of African American executive directors than previous studies.
- The current sample also includes a higher percentage of executive directors aged 60 and over; it appears to generally be an older sample.
- The current sample includes a lower percentage of executives with a Master's degree.
- The percentage of founders is higher in the current study.

Most of these differences make sense. It makes sense that there would be a larger percentage of smaller organizations in a rural sample and that there would be more African Americans in a sample from the rural South. It also makes sense that executive directors in rural areas might be less likely to have Master's degrees than in urban areas and that there might be more founders in a study that includes a larger number of smaller, rural nonprofits. The one difference that puzzles us is age: We are not sure why executives in this sample are on average older than the larger, national samples.

FINDING
1

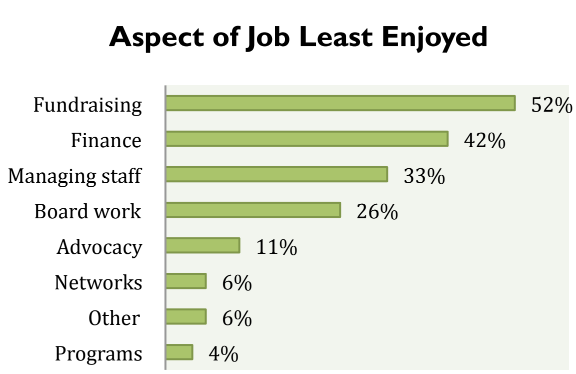
Executives Plan to Leave Their Jobs, But Not the Nonprofit Sector, Within Five Years

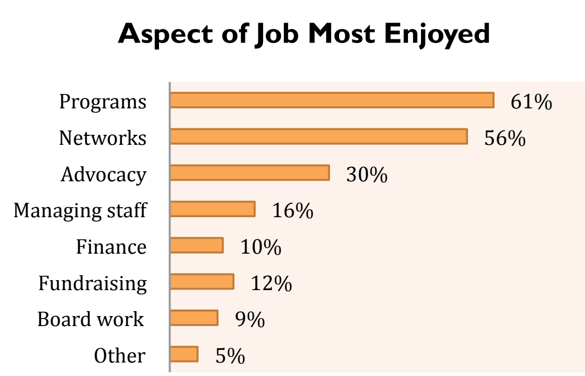
Research on executive transitions from the past 10 years has found that a majority of nonprofit executives say that they plan to leave their jobs within five years.[4,5] As a result, nonprofits, funders, and consultants have begun to focus on executive transition support and management, and a great deal of research and practice literature has been generated to help nonprofits navigate executive transitions smoothly.[6,7]

Key Findings

- Sixty-two percent (62%) of executive directors surveyed in this study expect to leave their jobs within five years.
- Annually, 7% of executives leave their jobs.
- Around 16% of executives are fired or forced to resign.
- Only 33% of executives have discussed a succession plan with their board, and only 15% have a succession plan in place.
- When executives do leave their jobs, most will stay in the nonprofit sector: 75% say that they plan to seek a job with another nonprofit, a foundation, or in consulting. But they do not plan to work as executive directors – only 28% say they plan to take another job as an executive.

Enjoyment of executive roles. Before we begin discussing executive directors leaving their nonprofits, it is important to note that the executive directors we surveyed report that they generally enjoy their work. Ninety-one percent (91%) of executives report that they enjoy their current role as executive director, and 80% feel that they are effective in that role. As the charts below illustrate, executives reported that they enjoy program development and external relationships or networking the most about their job; they enjoy fundraising, finances, managing staff, and working with their boards the least.

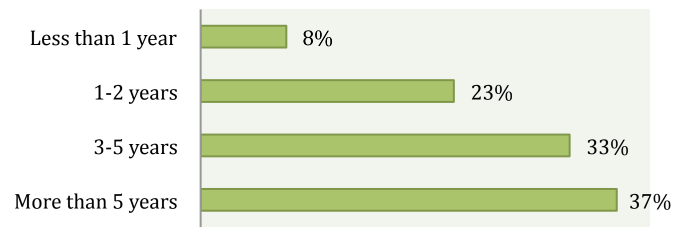




A few executives are currently leaving. We asked the question, "Are you in the process of leaving your job right now?" Seven percent (7%) answered "yes." This finding is consistent with previous research.[4,5] It seems to be the case that any given snapshot in time, 7-9% of executives are currently transitioning out of nonprofit organizations in the U.S.. This appears to be true in rural areas and in urban areas, in small organizations and in larger organizations.

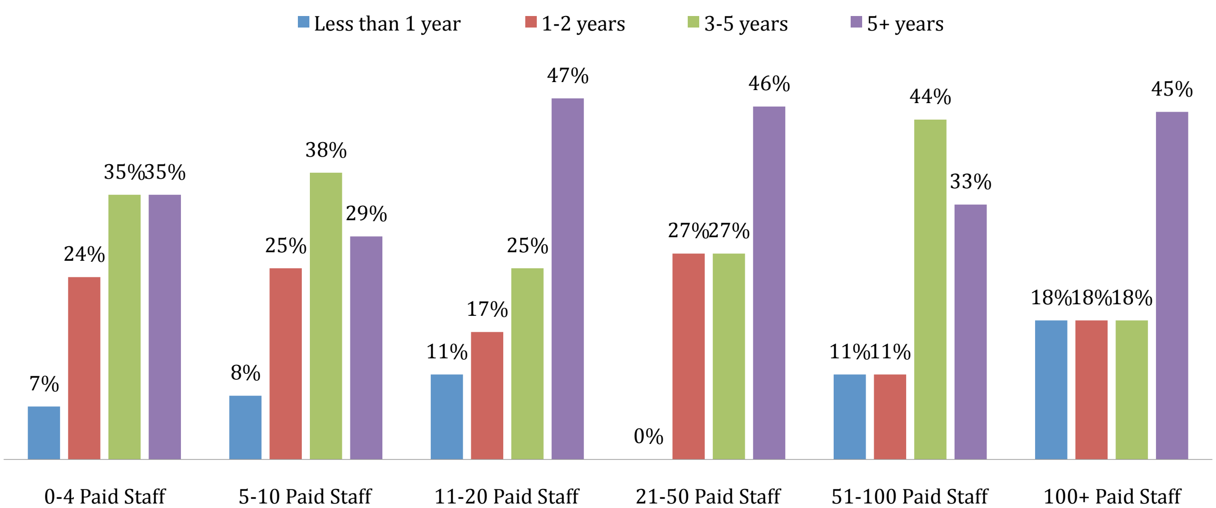
Most executives plan to leave within five years. Sixty-three percent (63%) of executives surveyed in this study said they planned to leave their jobs within the next five years. In previous research, which has taken place mostly in urban areas, one study found that 75% of executive planned to leave within the next five years; another found that 66% planned to leave within five years.[4,5] The percentages of executives planning to leave within five years are roughly similar across these three studies.

Predicted Length of Stay: All Executives

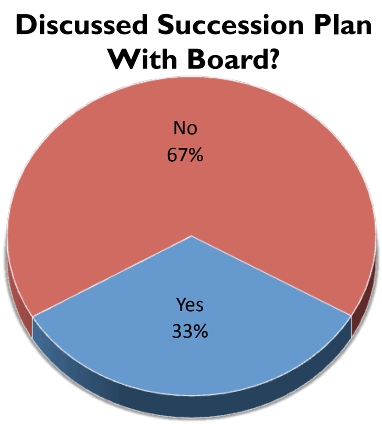


As the table below indicates, there is some evidence that executives at smaller organizations plan to leave sooner than executives at larger organizations. Although this trend is not robust, it may be that working as an executive at a larger organization – with better pay, better benefits, greater organizational capacities, and more staff and board support – makes it easier for executives to stay in the job for longer. It may be that smaller organizations are more likely to experience executive turnover.

Predicted Executive Stay and Organization Size



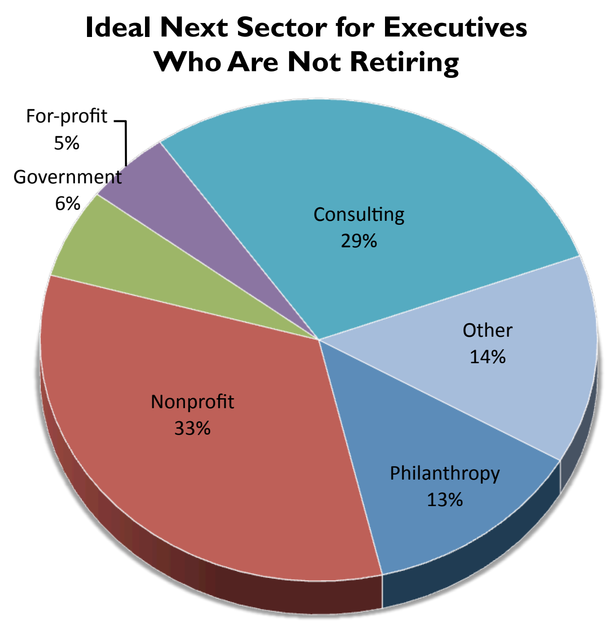
A few executives are fired or forced to resign. Sixteen percent (16%) of previous nonprofit executives in the current study were fired or forced to resign. In the 2006 *Daring to Lead* study, this was the case in 34% of nonprofits.[5] It is not clear if this difference is related to geography (the rural South vs. urban samples), timing (2005 vs. 2010 data), or some other factor. In the current study, our data do not tell us how long or how troubled the previous executive's tenure might have been.



Few executives have succession plans. Despite the fact that a majority of executives have plans to leave their jobs within the next five years, succession plans are uncommon. Only one-third (33%) of executives have discussed a succession plan with their board, and only 15% of nonprofits surveyed have a succession plan in place. These percentages are similar to the findings in previous research.[5] It may be that organizations have plans in place, but they are not written down. When we asked if organizations have a plan in place, we asked specifically about a written plan. From these data, though, it appears that many executive transitions are occurring without much planning.

Executives plan to stay in the nonprofit sector. Of the executives that are not planning to retire, 75% said that they plan to stay within the nonprofit sector (in nonprofits, as consultants, and in foundations) when they leave their current job. This compares with 75% of executives planning to stay within the sector in larger, national, urban-focused studies.[4,5] This finding seems to be strong: Executives in the U.S. plan to stay within the nonprofit sector, regardless of geographic location and whether they are rural or urban.

Even though these executives plan to stay within the nonprofit sector, they do not necessarily plan to continue working in nonprofit organizations. Of executives who will not be retiring, 33% say they plan to work in nonprofit organizations, 29% as consultants, and 13% in foundations. Eleven percent (11%) plan to work in government or for-profit sectors, and 14% plan to work in "other" jobs.



Executives do not plan to take another job as executive director. Although 75% of executive directors surveyed plan to stay in the nonprofit sector in some way when they leave their current job, only 28% see themselves likely to work in another executive director position. Our data suggest that while the executives surveyed do want to work in the nonprofit sector, they generally do not want to work as an executive director of a nonprofit organization.

FINDING

2

Executives Lack Support in Their Roles as Executive Director

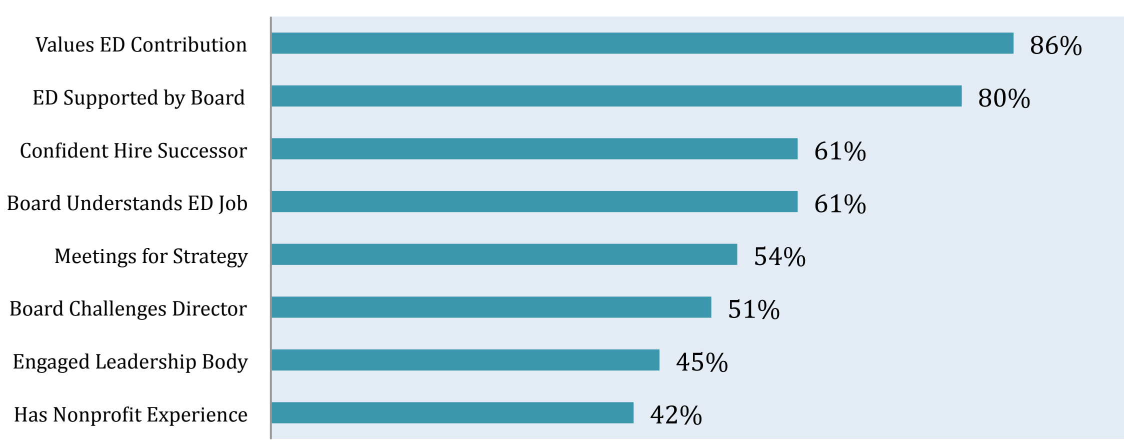
Executive directors in nonprofit organizations get support from many sources: from their boards of directors, from their fellow staff, from funders, from consultants and capacity builders, and from other sources such as professional associations and trainings. Generally speaking, executives in this study report that these sources of support are not particularly helpful. This finding replicates similar findings from previous research.[4,5]

Key Findings

- While 80% of executives feel personally supported by their boards of directors, only 42% feel that their board has experience managing a nonprofit organization and 45% feel that their board is an engaged leadership body.
- Most executives (61%) have a staff management team that they rely on for developing strategy; however, most lack support around specific roles related to their work as executive director.
- Executives reported that the most useful support that funders could provide would be more multi-year support and more general operating support.
- While executives use outside resources to develop their skills (e.g., workshops and conferences, professional associations), they appear to find these supports relatively unimportant.

Boards of Directors. In some ways, executive directors feel strongly supported by boards of directors. There are some indications, though, that executives feel that their boards are not governing as well as they could be. As the chart below illustrates, 80% of executive directors feel personally supported by their board. Eighty-six percent (86%) feel that their board values the contribution that the executive makes to the organization. Sixty-one percent (61%) feel confident in their board's ability to hire their successor, and the same percentage feel that their board has a good understanding of the executive role.

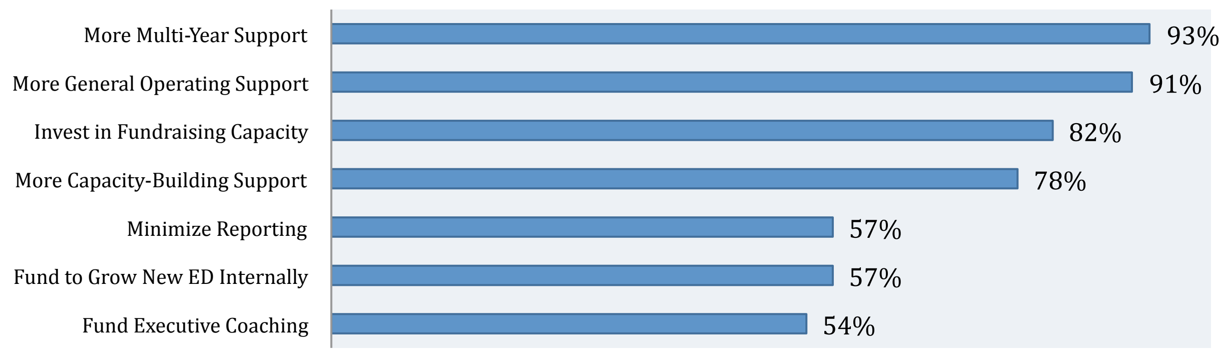
Executives' Perceptions of Board: Percent Who Agree with Statements



Many executives, however, seem to feel that their boards are not fully living up to their governance roles – and that although they feel supported by the board, they are not getting support from the board in their work as executive director. For example, only 42% of executives feel that their board has experience managing a nonprofit organization, and 45% feel that their board is an engaged leadership body. Further, only 51% feel that their board challenges them to be a more effective leader, and a similar percentage (54%) state that their board uses meetings to discuss strategic issues and direction. When asked to name one way in which their board could be stronger, executives overwhelmingly selected fundraising. All of these findings generally replicate findings from previous research.[4,5]

Funders. As with boards, executives get some support from funders, but would like more – particularly more general operating support and multi-year grants. First, 77% of executive directors report that key donors or funders value the contribution that the executive makes to the organization. On the other hand, only 50% of executives report that donors or funders have a good understanding of what their job entails. When asked about potential actions by funders that would help executive directors, respondents stated clearly that providing more multi-year support and more general operating support would be most helpful, as the table below shows.

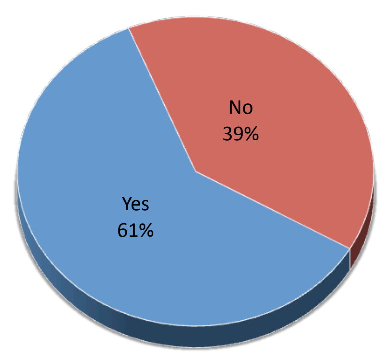
Potential Funder Actions: Percentages Responding "Helpful"



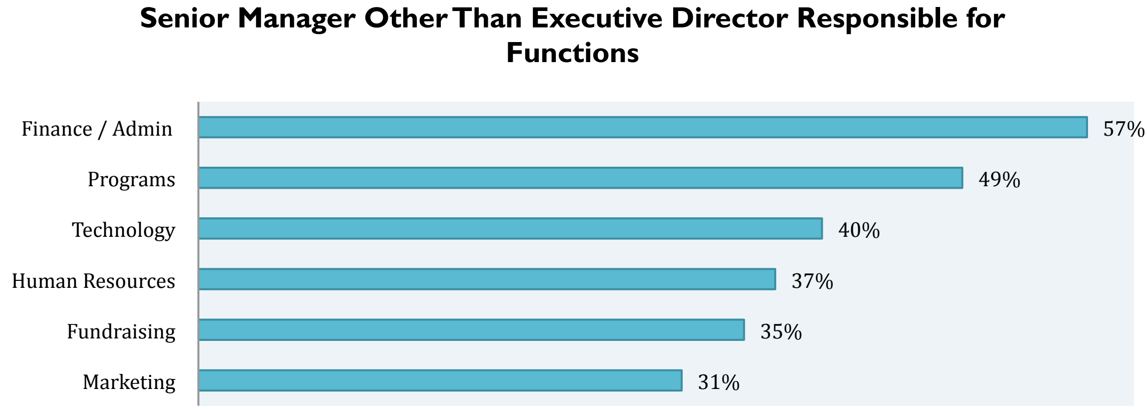
The order of these actions, prioritized by executives, mirrors the order found in *Daring to Lead 2006,* a larger, national, urban-based study.[5]

Other staff. Another source of potential support for executive directors is the other staff at their organization. Most executives (83%) feel that their staff values the contribution that the executive makes to the organization's success; further, 61% of executives feel that their staff has a good understanding of what the executive director job entails. In addition, 61% report that they have a management team, a group of senior managers or directors that meet regularly to decide on organizational issues. Fifty-nine percent (59%) of the executives with management teams rely on these teams to help develop organizational strategy. It is not clear how functionally useful these management teams are: only 42% of executive directors report that their management team meets weekly or every other week.

Management Team?

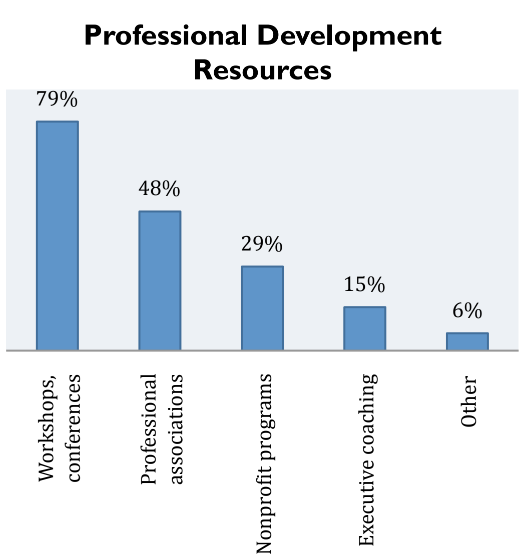


When asked if there is a senior manager at their organization (other than themselves) responsible for the organizational development functions below, executives noted the following:



In sum, it appears that executives have some support from fellow staff members, particularly around administration, finances, and programs. Most executives have a management team in place as well, and most of these teams help executives think through issues of organizational strategy and direction. It also appears, however, that executives are carrying the bulk of the management responsibilities within nonprofits. To make this concrete, around one-third of all executives have a senior manager watching over fundraising, human resources, technology, or marketing and communications.

Outside support resources. Executives are using outside supports in their work, especially workshops and conferences and professional associations. Seventy-nine percent (79%) of respondents have used topical workshops and conferences in the past year; 48% have benefitted from professional associations. Nonprofit management certificate or degree programs (29%) and executive coaching (15%) were used less frequently. Also, there was a fairly evenly distributed range of numbers of days that executives used professional development resources during the past year, as illustrated below. While executives are working to improve their skills in these areas, they generally do not rate highly the importance of increased professional development opportunities. As is evident in the chart on page 13, executives ranked more funding for coaching and professional development last – the lowest priority for executives – among potentially helpful actions that funders could take.



FINDING

3

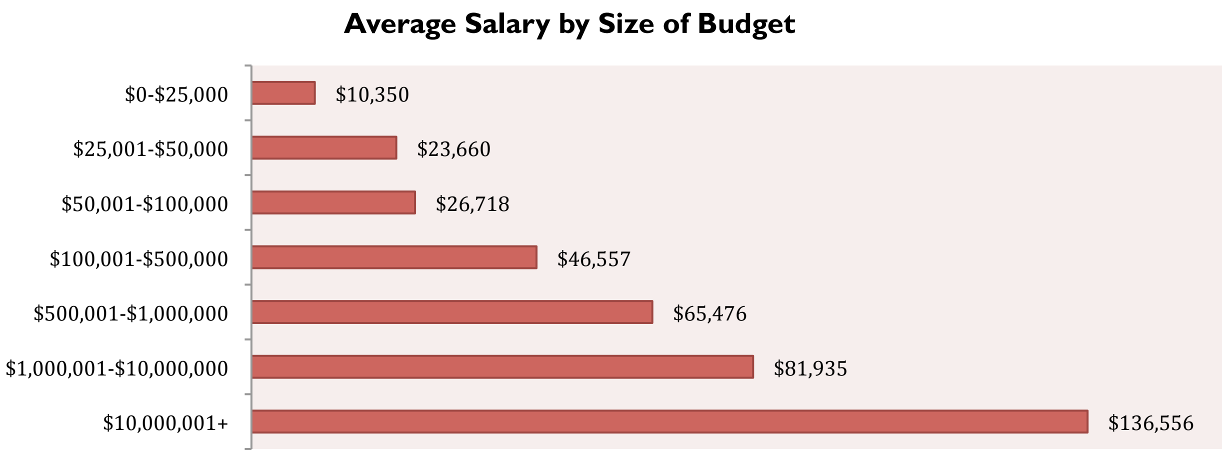
Executives Feel that They Make Significant Sacrifices to Lead Nonprofits

Executive directors in nonprofit organizations feel that they make significant sacrifices, financial and non-financial, to work in the nonprofit sector. Executives in small- or medium-sized nonprofits appear to be making particularly strong sacrifices: Compared to larger nonprofits, executives in smaller nonprofits make less money and are less likely to receive contributions to retirement accounts. Female executives appear to be making additional sacrifices. Although women outnumber men in executive director positions in this sample, women make less than men, particularly in larger organizations (which tend to have larger salaries).

Key Findings

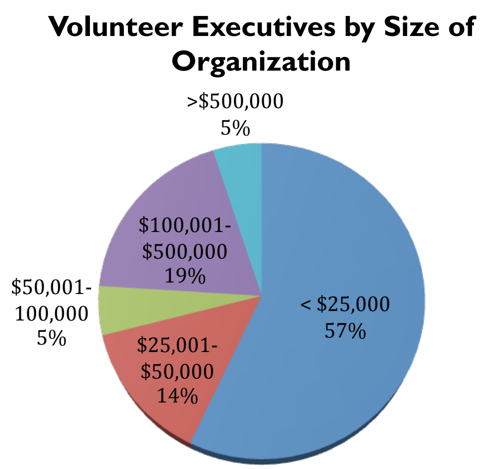
- Less than half of nonprofit executives are satisfied with their compensation package.
- The mean salary for nonprofit executives in this study is $54,000; the median household income is $80,000.
- 45% of organizations surveyed make financial contributions to executive retirement accounts. Larger organizations are more likely to contribute than smaller organizations.
- 62% of nonprofit executives believe they have made a significant financial sacrifice to work in the nonprofit sector, with executives at small- and medium-sized organizations feeling this most strongly.
- 38% of nonprofit executives feel that they have made significant non-financial sacrifices (e.g., family, friends, hobbies) to work in the nonprofit sector. This does not vary systematically by size of organization.
- Although women outnumber men in executive director positions, women generally make less than men as executive directors. Also, compared to men, a higher percentage of women feel that they make financial and non-financial sacrifices to work in the nonprofit sector.

Executives' salary. The average salary for executive directors in this study was $54,000. In *Daring to Lead 2006* (a national, urban study), executives' average salary was $74,602.[5] This is a striking difference in average salary. Part of the difference is due to the fact that the sample in this study includes a much higher percentage of smaller organizations (23% in this study vs. 8% in the previous study, in terms of organizations with budgets under $100,000). As the following tables shows, salary clearly varies by the size of the organization, with executives of small- and medium-sized organizations making noticeably less than executives of large organizations.



As the chart above shows, salaries clearly varied depending on the budget size of the organization; organizations with smaller budgets generally pay their executives less than organizations with larger budgets. These overall trends are congruent with larger national studies based in urban areas.[4,5] Executives at larger organizations seem to make more money than executives at smaller organizations, regardless of their location.

Volunteer executives. This sample included a notable number of volunteer, or unpaid, executive directors. Seven percent (7%) of all respondents (20 executives) reported an annual salary of $0. As the graph to the right shows, most of the volunteer executives (57%) worked in very small nonprofit organizations, but there were several executives even in medium-sized organizations who reported working for no salary.



Executives' median household income. In the current study, the median household income was $80,000. This compares with a national median household income of $49,945.[12] Thus the households of most executives in the current study are above the U.S. national average. Nonprofit executives in this study appear to be firmly middle class.

Median Household Income: Current Study, *Daring to Lead, and National Data*

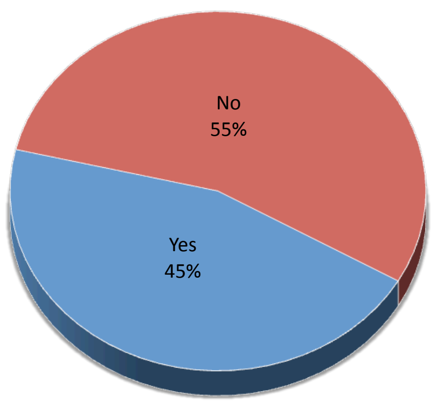
	Current Study	Daring to Lead 2006
Median Household Income - Executives	$80,000	$115,000
Median Household Income - U.S.	$49,945	$48,201

It is interesting to compare the median household income in the current study to the median household income in the 2006 *Daring to Lead* study.[5] As is clear from this table, the executive directors in the *Daring to Lead* sample had a median household income that was around $65,000 higher than the U.S.

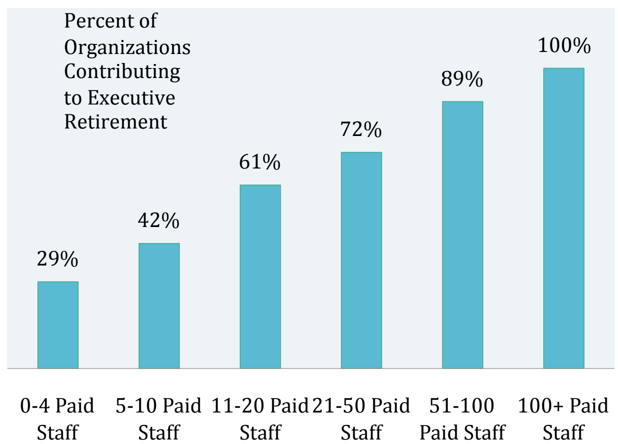
median household income at the time.[13] In the current study, the executives' median household income is around $30,000 higher than the current national median household income. These data indicate, again, that there is something about this data set that is different from previous studies. This may be the result of the rural nature of this sample, or the relatively large number of smaller nonprofits in this study, or some combination of various factors. Whatever the reason, the respondents in this study appear to be more middle class than respondents in previous large studies, where most respondents were upper middle class.

Executives' benefits. Given that most of our sample of executives was over 50, we looked at executives' retirement benefits. In this study, 45% of organizations make a contribution to executives' retirement accounts. This was much less likely to occur in smaller organizations: 29% of organizations made a contribution in organizations with 0-4 staff and 42% in organizations with 5-10 staff. The overall percentages from this study align with *Daring to Lead 2006*, where 49% of organizations contributed to executives' retirement accounts.[5]

Organization Contributes to Retirement

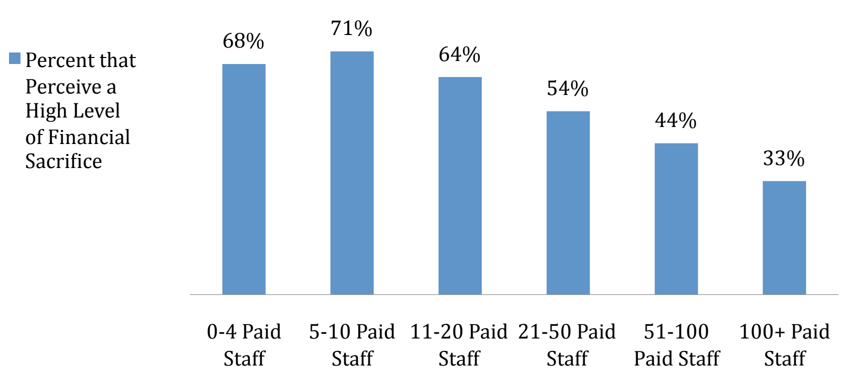


Retirement Contributions and Organization Staff Size

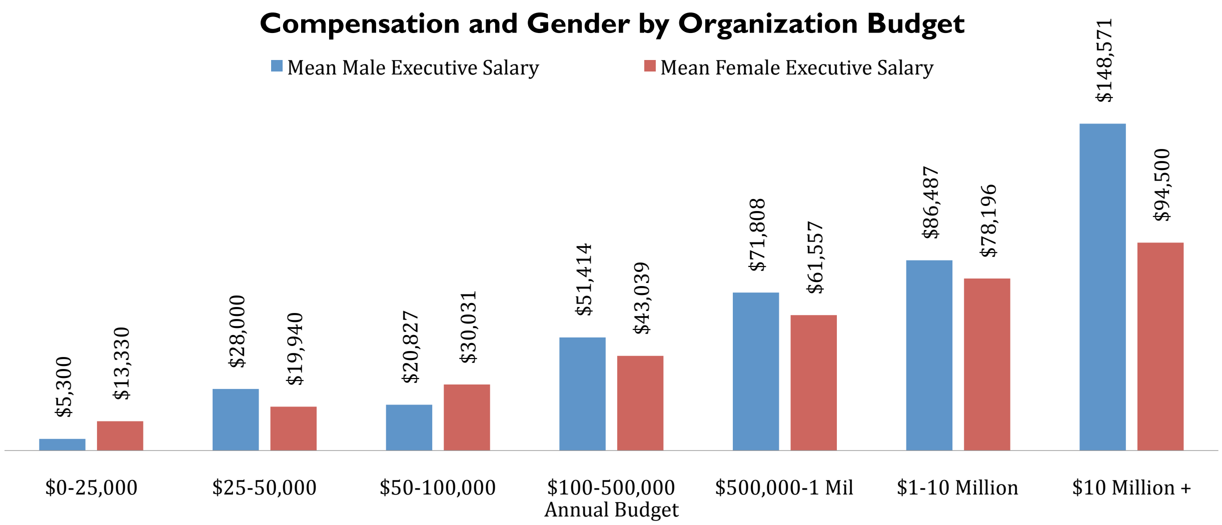


Executives' perceived sacrifice. We also asked executives about the degree to which they have made sacrifices, both financial and non-financial, to work as a nonprofit executive director. Sixty-two percent (62%) of all executives feel that they have made financial sacrifices to work in the nonprofit sector, and 38% of all executives feel that they have made sacrifices in other, non-financial aspects of their lives (such as family, friends, or hobbies). Perceptions of financial sacrifice are stronger in smaller organizations, as shown in this chart. When we looked at perceptions of non-financial sacrifice, there was not a pattern across organization size.

Sense of Financial Sacrifice & Organization Size



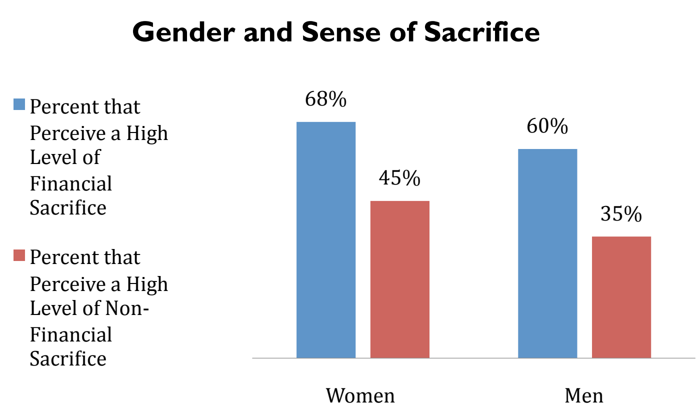
Gender and salary. Female executives make up 56% of the sample in this study, yet they are underrepresented in the largest, high-paying organizations. Women executive directors generally earn less than men. The average salary for all women executives in this study was $48,738; the average salary for men was $60,468. The median salary for women was $45,000; for men, $52,000.



As the table above illustrates, men earn more than women in most, but not all, sizes of nonprofit organizations. In our sample, it is generally the case that women earn more than men in smaller organizations, whereas men earn more than women in larger organizations. To make this concrete: In organizations with budgets below $100,000, women executives earn a median salary of $23,000 whereas men earn a median salary of $15,000. In organizations with budgets over $100,000, women earn a median salary of $52,000 whereas men earn a median salary of $60,000. As is clear from the chart above, differences in salary are particularly striking in large organizations. The differences between men and women at the $0-25,000 budget level seems to be largely due to the fact that 88% of male executives in these small organizations work as volunteers, compared to 50% of female executives. In the $50-100,000 budget range (24 organizations sampled), women generally do earn more than men; we are not sure why this is the case.

Gender and perceived sacrifice. Overall, women are more likely than men to feel that they are making sacrifices to work as executives in the nonprofit sector. Sixty-six percent (66%) of women feel that they are making a financial sacrifice, compared to 45% of men. Further, 60% of women feel that they are sacrificing family, friends, or hobbies, compared to 35% of men.

It is not surprising that female executives feel that they are making greater sacrifices compared to male executives. Our data suggest that across the rural South, more women are leading nonprofits, but they're getting paid noticeably less than men. In addition, women may bear most of the burden of maintaining households, raising children, and contributing to community efforts.



FINDING

4

Executives Are Concerned About Finding Future Leaders for Their Organizations

Being an executive director of a nonprofit organization is a challenging job. Executives are always overworked and typically underpaid. It is a job with too many responsibilities and too little support. Since it is such a challenging job, executive directors in nonprofits are concerned about where they will find the new leaders that will eventually replace them.

New executive directors sometimes come from within organizations' infrastructure or networks: from among current staff or board members or from constituents. Some organizations are making a conscious effort to grow new leadership from within their organization. Other new executives come from outside of the organization, but most current executives say that they do not plan to take another job as an executive director in a nonprofit. Wherever a next executive will come from, current executives see many barriers to hiring their successor. They feel that their board will have to pay a new executive noticeably more than they are paid. Other barriers to hiring reported by executives in this study are that the executive director role in their organization has too many job responsibilities and that it is too difficult to raise money, particularly operating support.

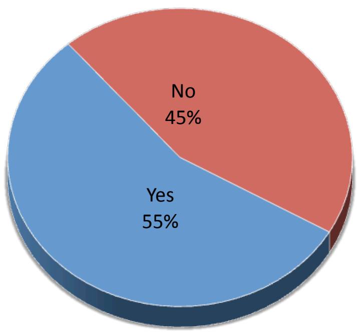
Key Findings

- Some current executives were hired from within their organization's existing networks: 31% are former staff members, 24% are former constituents, and 20% are former board members.
- Some nonprofits are growing potential leaders from within: 55% of respondents believe that someone on their current management team would be a credible candidate for their position, and 39% are currently developing someone within their organization to be an executive director in the nonprofit sector.
- Executive directors are not necessarily likely to be former executives: 26% of current executives were formerly executives, and 51% of current respondents say they are unlikely to take another nonprofit executive director position when they leave their current job.
- Two-thirds (67%) of executive directors believe that their organizations will have to pay their successor more money than they are making, probably between 11 and 20% more.
- Executives see many current obstacles to hiring a new executive when they leave. The obstacles mentioned most frequently were too many job responsibilities, difficulty raising operating support, insufficient compensation, insufficient support staff, and long working hours.

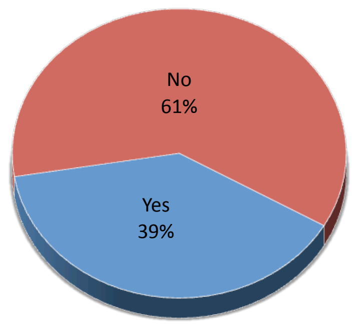
Hiring executives from within. One place to potentially find new executive directors is from within a nonprofit organization's existing networks. This occurs in some nonprofits. In this study, some current executives reported that they were former staff members, constituents, and board members of the organizations at which they are now working. Thirty-one percent (31%) of current executives formerly worked as staff at their organization; 24% are former clients, consumers, or constituents; and 20% are former board members at the organization at which they are now executive director. Overall, this suggests that a fair number of organizations are finding new executives from within their organizations.

Current executives also see some promise of hiring a potential successor from within their organization. More than half (55%) believe that someone on their management team could be a credible candidate for their position if they left, and 39% are actively developing someone within their organization to be an executive director in the nonprofit sector. Overall, then, nonprofit leaders do feel that they have some talent waiting in the wings, and that this talent could potentially step up and move into their role.

Credible Candidate(s) Within Organization?

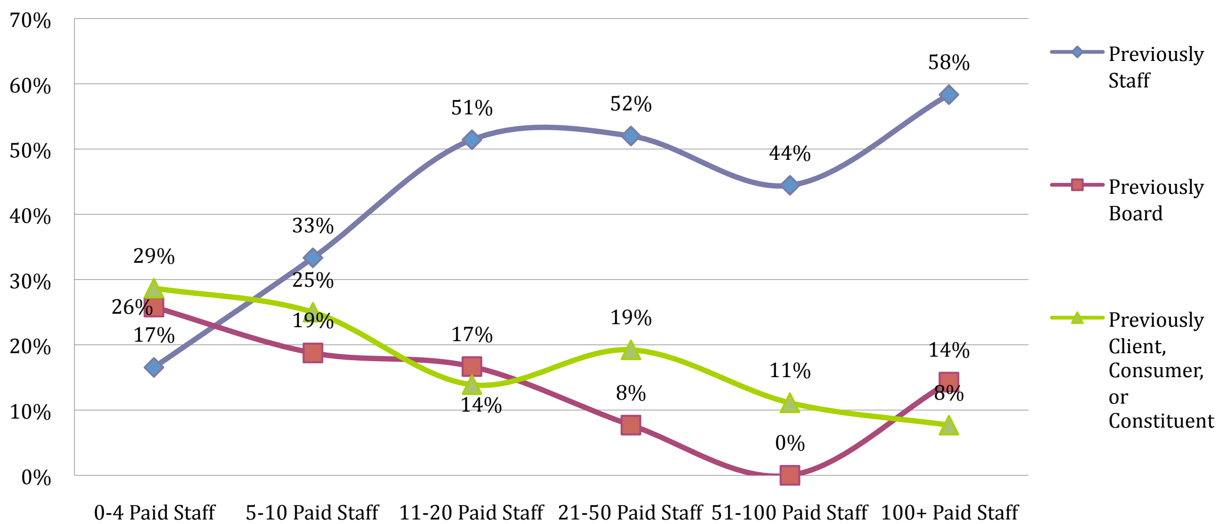


Developing New Leader?



We also looked at the extent to which the internal hires outlined above varied by the size of the organization. First, larger organizations are more likely to hire an executive director from among current staff members. For organizations over 10 paid staff people, around half of all new executives come from within the staff of the organization. This is less likely to occur in smaller organizations. This makes sense: Larger organizations have more staff, and more senior management staff, from which to hire new executives. Second, the likelihood of hiring a former board member or constituent decreases as organizations become larger. This makes sense as well: Smaller organizations may be more likely to draw upon volunteers or constituents to fill an executive director position compared to larger organizations.

Internal Hires by Organization Size

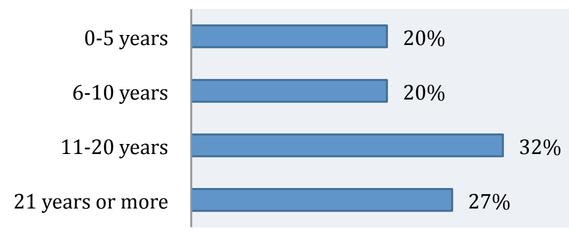


Hiring executives from outside. Another place to find new executives is from other nonprofits or from other sectors such as the private or government sectors. In our data, only 26% of current executives had previously worked as executive directors of a nonprofit organization, and 51% of current executives say that they are unlikely to take another nonprofit executive director position. Generally speaking, current executives are not former executives from other organizations.

Most current executives do have extensive experience working in the nonprofit sector: 80% have worked in the nonprofit sector for more than five years.

Finally, 53% of current nonprofit executives have experience working as managers in the for-profit sector, while 27% have experiences as managers in the government sector.

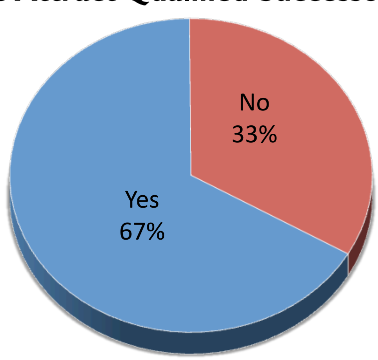
Nonprofit Sector Experience



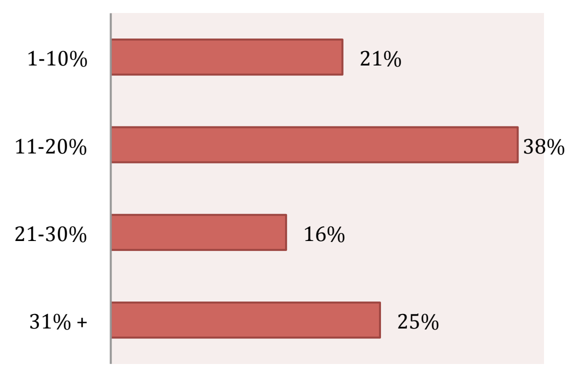
In sum, these data suggest that when they look outside of their organization, nonprofit organizations may be finding their executive directors from experienced nonprofit sector workers (but not necessarily executives at other organizations), from the for-profit sector, or to a lesser degree from the government sector.

Barriers to hiring new executives. Regardless of whether new executives come from within or outside of nonprofits, current executives see many potential barriers to hiring their successor. First and foremost, two-thirds (67%) of current executives believe that their boards will have to pay their successor more in order to attract a qualified candidate.

Increase in Executive Pay Necessary to Attract Qualified Successor?



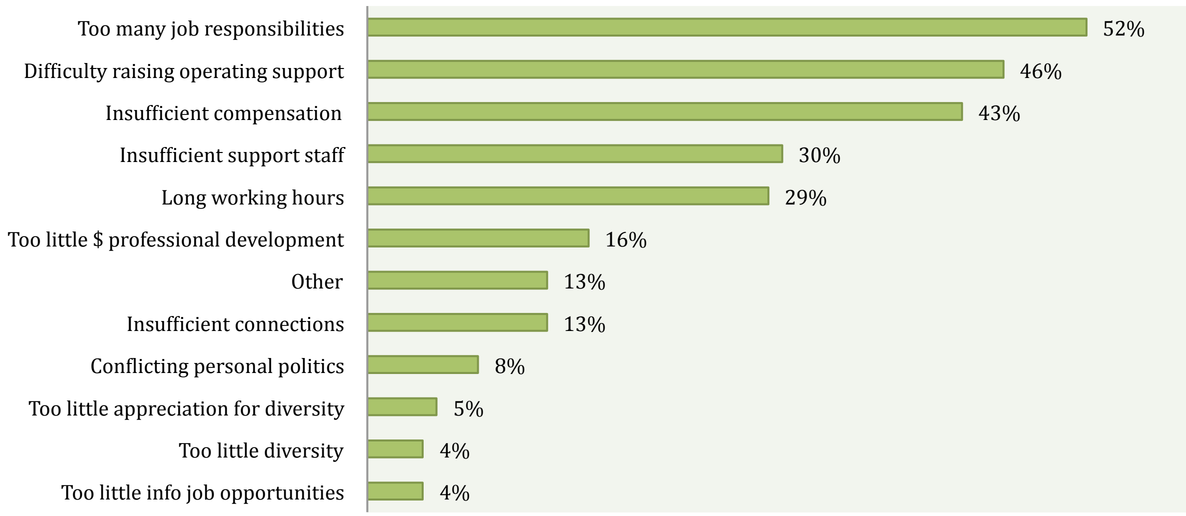
Projected Increase in Salary Needed to Attract Sucessor



When asked how much more the board would have to pay (for those who answered yes), 38% answered that it would take an increase in salary of 11-20% more and a fairly stunning 25% said it would take an increase of 31% or more. Clearly, executives feel that they are underpaid, and that this will hamper their organizations' efforts to hire their successor. Executives' belief or recognition that the organization will have to pay more to hire their successor was fairly consistent, across all sizes of organizations.

While nonprofit executives feel that compensation will be a major barrier to hiring a qualified successor, they do not feel that it is the greatest barrier. Executives were asked to check a list of potential barriers to hiring a qualified successor. The table below outlines executives' views of the primary barriers to hiring their successor. Interestingly, both job responsibilities (having too many) and fundraising are larger concerns than compensation.

Projected Obstacles to Hiring A New Executive



Too many job responsibilities. In written comments on our online survey, executive directors emphasized and reiterated the finding above, that too many job responsibilities is the biggest barrier to hiring a new executive (and the factor that is contributing most to their burnout). Below are several comments from nonprofit executives responding to our survey:

> *I am the only full-time staff person, and I am burned out from five years of doing all of the programs, administrative work, and related activities.*
>
> *The hardest part of being the executive director is that I am a one-woman show. We can't even afford to hire me as full-time, so I work two other jobs to keep the nonprofit running. Founding my organization was a calling for me, and I am truly impacted by the work I do, but I will not be able to sustain this pace much longer.*
>
> *Nonprofit organizations work with a minimal amount of staff members. There are days when I am facing a grant deadline and am the only one in the office, answering the door, handing out applications, and manning the phones. Time is my worst enemy. I am constantly reprioritizing my list of things that need to be done. Inevitably something falls off the list.*
>
> *It seems that the most consistent barrier in our organization to growth is lack of time.*
>
> *Time is a larger problem than funding.*
>
> *I would feel much more effective and content if I could just do my job – the executive director's job – and had enough staff to cover other tasks that additional staff members should be doing.*
>
> *While I am new to nonprofit management, I am discovering that the expectations for executive directors are very high, without true recognition of the effort it takes to keep all the balls in the air.*
>
> *I am definitely burning out because we do not have enough staff to help me.*

FINDING

5

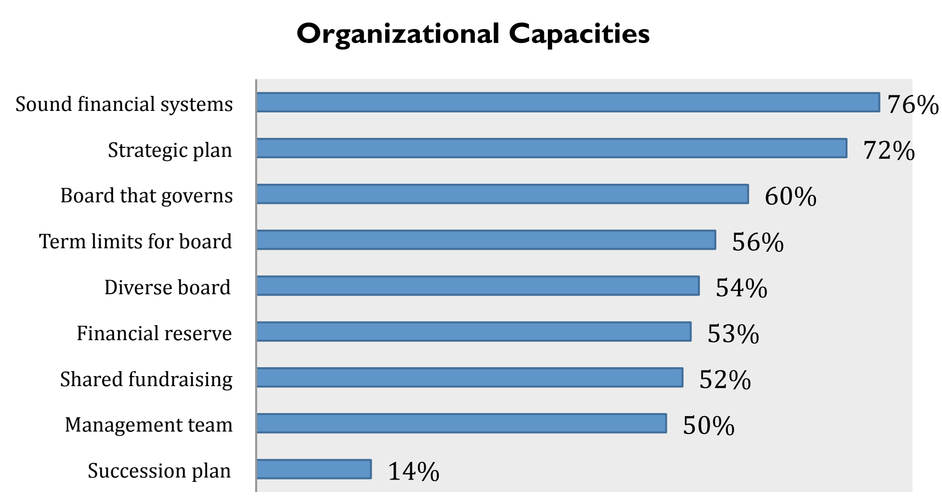
Many Nonprofits Lack Key Capacities Needed to Transition Well

Publications on nonprofit executive transitions suggest that there are certain organizational capacities that an organization needs to have in place if an executive transition is to go smoothly.[6,7] The idea is that transitions will go more smoothly if the organization generally has its house in order. If an organization has in place a strategic plan, a solid board, sound financial management, and solid funding, then it is more likely to smoothly transition from one executive director to the next. Previous studies of executive transitions did not explore the degree to which organizations have these capacities in place. In this survey, we found that many responding nonprofits lacked some of the key capacities that are likely needed to transition well from one executive to the next. We provide more detail on these organizational capacities below.

Key Findings

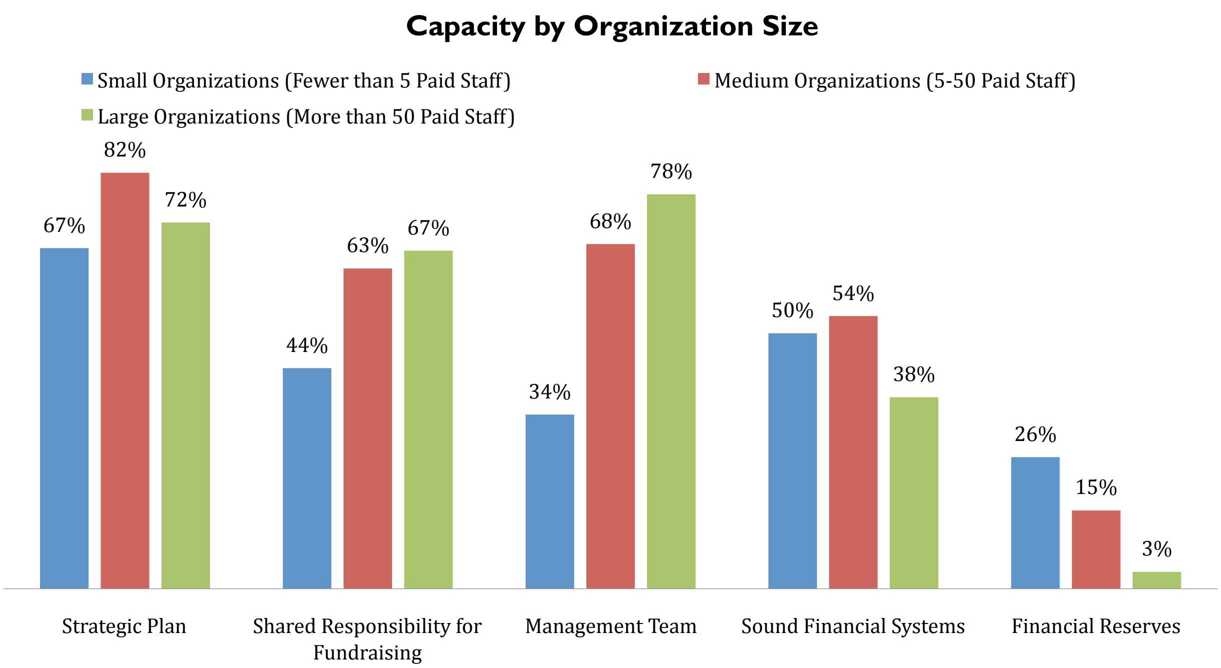
- Overall, financial and planning capacities and a solidly governing board seem to be in place in most nonprofit organizations.
- Around half of all nonprofits lack a management team, a financial reserve, shared responsibility for fundraising, and a diverse board that reflects the organization's constituents.
- Few organizations have a written succession plan.
- Some organizational capacities are less common in smaller organizations, but others are more common in smaller organizations.

Organizational development capacities: Overall. Publications on nonprofit executive transitions suggest that the organizational capacities outlined in this chart are generally what an organization needs to have in place if an executive transition is to go smoothly.[6,7] Many of the nonprofits that we surveyed lacked these capacities. Concretely, around half of all organizations surveyed had the following capacities in place: a board with well-defined term limits (56%), a board that reflects the diversity of the organization's constituents (54%), a cash reserve of three months or more (53%), shared responsibility for fundraising (52%), and a management team that makes decisions and leads together (50%). Far fewer organizations surveyed (14%) had a written succession plan.



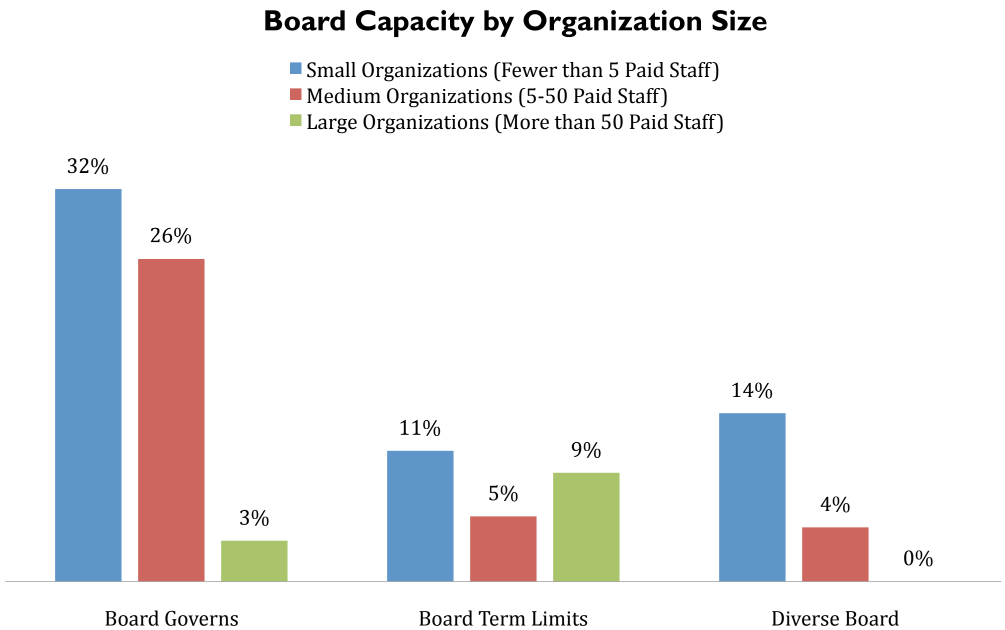
There were some organizational development capacities that most of the organizations survey did have in place. Seventy-six percent (76%) of organizations surveyed report having sound financial management systems, 72% have a strategic plan in place, and 60% report having a board that governs well.

Organizational development capacities and the size of organizations. As mentioned, publications on nonprofit executive transitions suggest that the organizational capacities outlined above are generally what an organization needs to have in place if an executive transition is to go smoothly.[6,7] We expected these capacities to be found more frequently in larger organizations and less frequently in smaller organizations; we hypothesized that larger organizations would have more personnel and financial resources, and therefore greater organizational capacities. We therefore expected larger organizations to be better set-up for transitioning their executive director smoothly and effectively.
Generally speaking, our data suggest that smaller organizations have as much organizational capacity in



place as medium- and large-sized organizations. Consider the organizational capacities outlined in the chart above. Smaller organizations are less likely to have a management team in place and to have shared responsibility for fundraising. This makes sense, because there are simply not enough staff members, so the executive of a smaller organization generally lacks a team around her and has to do the fundraising by herself. Smaller organizations are generally as likely as medium and large organizations to have a strategic plan with goals for the next two or three years. Surprisingly, smaller organizations are more likely than larger organizations to have sound financial management systems, and more likely than either medium or large organizations to have cash reserves on hand of up to three months.

The differences among small-, medium-, and large-sized organizations are even more striking when executive directors of different sized organizations reflect on their boards of directors. Most interestingly, small- and medium-sized organizations are much more likely than large organizations to have a board that governs, a board that carries out its roles related to financial oversight, strategic planning, policy development, and executive support and oversight. In addition, smaller organizations are noticeably more likely than either medium-sized or larger organizations to have a diverse board of directors that reflects the people that the organization works with or serves.



Our findings suggest that many nonprofit organizations lack core organizational capacities that would enable them to transition their executive director smoothly; however, small organizations are as likely as medium-sized and larger organizations to have various needed capacities in place. It appears that most organizations have some significant organizational development challenges; however, small organizations appear to be in no worse shape than medium-sized and larger organizations.

In sum, smaller organizations may be as ready for executive transitions as medium or large organizations, perhaps even more ready. Readiness for transition does not appear to be related to organizational size; rather, some important characteristics of readiness are shared by all organizations (e.g., a strategic plan), some seem to characterize the organizational development of smaller organizations (e.g., cash reserves, a strong and active governing board, a diverse board), and others seem to characterize the organizational development of larger organizations (e.g., management team, shared responsibility for fundraising).

FINDING 6

Nonprofits Are Doing Some Things that May Attract the Next Generation of Leaders, But Not Many

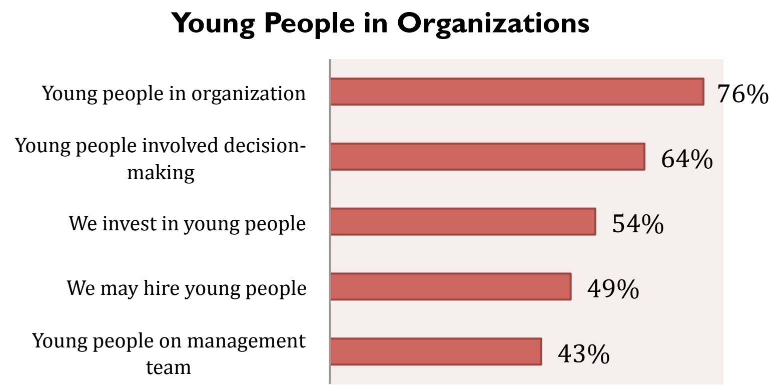
Recent research has looked at the executive transitions in nonprofit organizations that have been occurring, particularly the generational shift that is occurring as many baby boomer executives are retiring and being replaced by younger leaders.[8,9,10] These researchers asked the next generation of nonprofit leaders what might draw them to a sector that is characterized by long hours for little pay. What they found was worrying. Young leaders reported that they are not eager to step into executive director roles in nonprofits, at least as those roles are currently conceptualized and lived out. They named some changes that they would like to see in nonprofit organizations and executive director roles, changes that would make executive director work more appealing to them. As far as we know, there has not yet been research to explore the degree to which these characteristics actually exist in nonprofits. We decided to begin to explore this by asking about them in our survey.

Key Findings

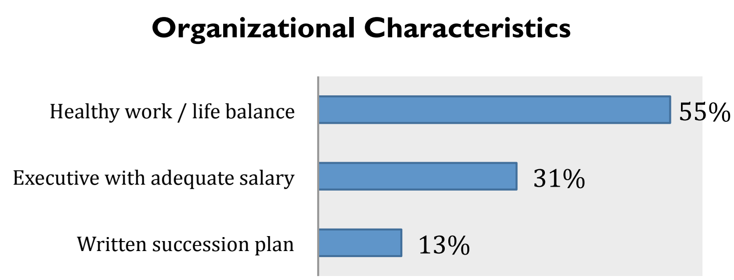
- Overall, most organizations reported involving youth in decision-making, using participatory decision making, and working to address multiple oppressions.
- Around half of all nonprofits report that they encourage staff to maintain a healthy work-life balance and invest in the development of their young people.
- Few organizations report having young people on their management team, an adequate executive salary and retirement, alternative leadership models (e.g., co-directors), or alternative executive roles or job descriptions.

Next generation leaders and the nonprofit sector. As mentioned, all of the questions in this section relate to characteristics of nonprofit organizations or executive director roles that young nonprofit leaders have identified as important to them.[8,9,10] This previous research suggests that if young people are going to enter into and remain in the nonprofit sector, especially as executive directors, then they want to see these characteristics in organizations and executive director positions. In previous research, and in the questions we asked, *young people* are defined as people under 40 years of age. We did not ask young people specifically what they wanted to see in nonprofits or executive director positions, because this research has already been done.[8,9,10] Instead, we asked organizations to tell us about the extent to which their organizations fit the ideal organizations that next generation leaders have identified in previous research.[8,9,10]

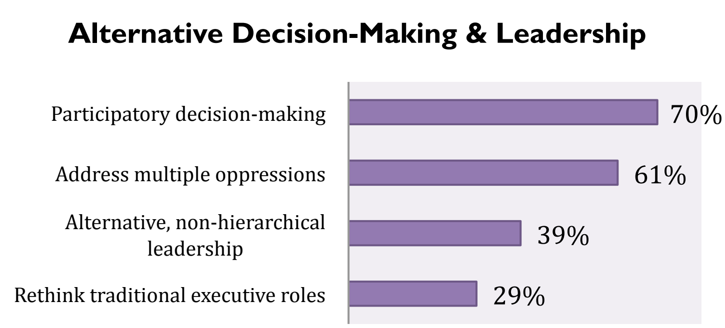
Next generation leaders in organizations. In the organizations that we sampled, 17% of executives were under age 40. Besides asking the age of executives, we also asked a group of questions related to whether nonprofit organizations have young people in their organization, and whether they invest in these young people and include them in decision-making. Most responding organizations (76%) do have young people working in their organization. Approximately two-thirds (64%) report that young people are listened to and given decision-making authority in their organization. Roughly half (54%) of organizations report that they invest in the development of their young people; around half (49%) also report that they know of young people in their community who could be a good fit if / when they hire. Finally, 43% report that their organization has young people on its management team.



Organizational characteristics. When next generation leaders were interviewed in previous studies, they outlined some characteristics of organizations that would be important for them if they were going to work as executives in nonprofits.[8,9,10] Two that rose the top were having an adequate salary for the executive position and having an organizational culture that emphasizes a healthy balance between work and life. We asked organizations in our survey about these characteristics. Around half (55%) report that their organization encourages its executive and staff to maintain a healthy balance between work and their personal / family life. But less than a third (31%) report that the organization's executive has an adequate salary and retirement plan. Another factor mentioned in previous research was having a succession plan in place; only 13% of organizations in this study report having a written plan in place.



Alternative decision-making and leadership. Finally, young people interviewed in previous studies expressed an interest in being a part of organizations where people organize themselves and their work in new and innovative ways.[8,9,10] They mentioned the use of participatory decision-making, the use of non-hierarchal staff and leadership structures, and an attention to multiple and intersecting forms of oppression within the organization and its program work. In the organizations we surveyed, 70% reported using non-hierarchical, participatory ways of making decisions (at least some of the time). Sixty-one percent (61%) reported that their organization has an openness and commitment to addressing multiple and intersecting forms of oppression (e.g., race, class, gender, sexual orientation). Only 39% reported that their organization has considered or used models of leadership (e.g., teams or co-directors) that are alternatives to more traditional, hierarchical leadership models. Finally, only 29% of organizations reported that they have considered ways to rethink traditional executive director job descriptions or roles.



FINDING

7

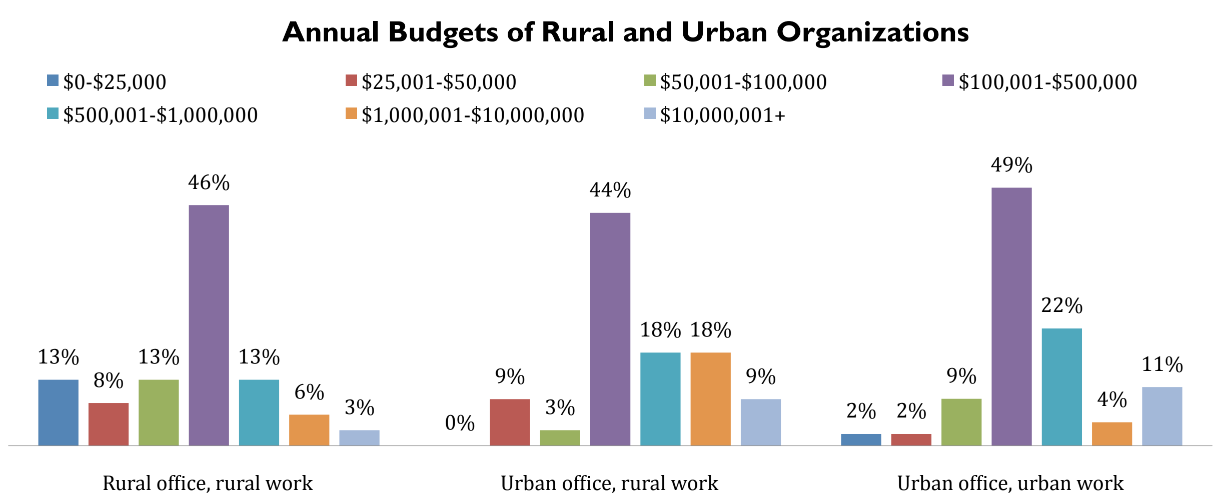
Rural Nonprofits Differ from Urban Nonprofits in Some Intriguing Ways

The sample of nonprofit organizations in this study, while relatively small, was unusual because it was mostly rural and based in the southeastern United States. We wanted to explore if rural nonprofit organizations seem to be different in any noticeable ways from their urban or suburban counterparts. We found some intriguing differences between rural organizations and urban organizations. These differences were not pronounced or striking, but they are intriguing enough to make the case for additional, future research into rural-urban differences.

Key Findings

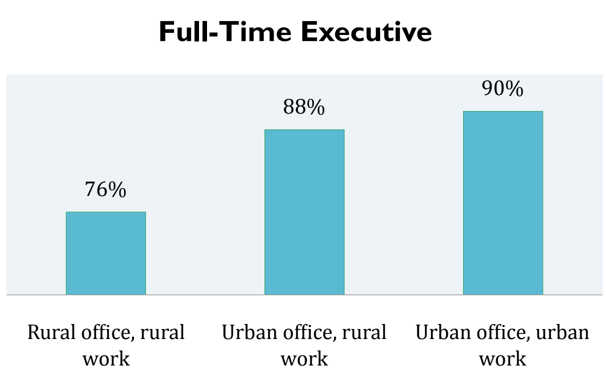
- Compared to urban organizations, rural nonprofits are smaller, more likely to have an executive who does not work full-time, and more likely to have an executive who was a founder.
- Executives in rural areas earn less than executives in urban areas. Rural executives also feel that they make greater financial sacrifices than their urban counterparts to work in the nonprofit sector.
- Compared to urban executives, rural executives are almost twice as likely to be planning to leave the nonprofit sector after leaving their current job.

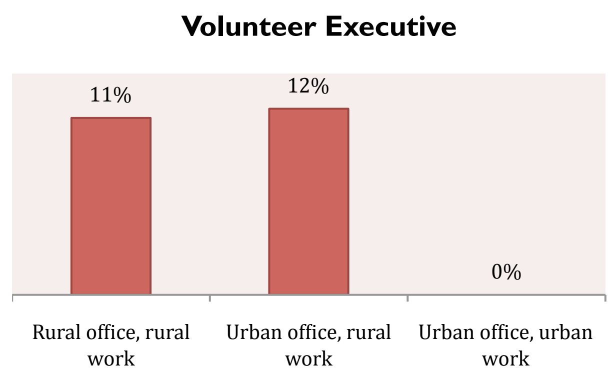
Rural organizations are smaller. One robust finding, in terms of differences between rural and urban nonprofit organizations, is that rural organizations are smaller. The graph below outlines differences among three categories of organizations in our sample: (1) nonprofit organizations that have their main office in rural areas and do the majority of their work in rural areas, (2) nonprofit organizations that have their main office in a suburban / urban area but do the majority of their work in rural areas, and (3) nonprofit organizations that have their main office in a suburban / urban area and do the majority of their work in a suburban / urban area. There was a fourth category, an "other" category, which included an assortment of organizations that either worked equally in rural or urban areas or worked statewide. This was a small number of organizations, and we did not include them in the analyses in this section.



There are more small-budget organizations in rural areas. As the graph above illustrates, there is a much higher percentage of very small organizations, organizations with budgets under $25,000, in rural areas as compared to urban areas (13% in rural areas, 0-2% when the main office is based in an urban area). It may be that grassroots or community-based organizations that are mostly run by volunteers are more common in rural areas compared to urban areas.

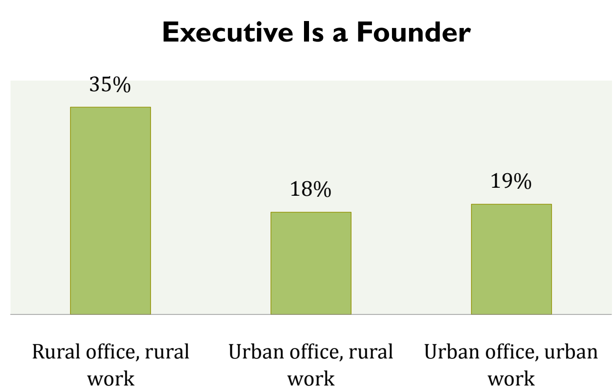
The percentage of medium-sized organizations is basically the same in rural and urban areas; 46% of rural organizations have budgets in the $100,000 to $500,000 range, compared to 44-49% of urban organizations. Finally, the graph above shows that there are more large organizations in urban areas. The percentage of larger organizations is more than twice as large in urban areas compared to rural areas. In rural areas, 21% of all organizations have annual budgets over $500,000 compared to 44% in urban organizations that work primarily in rural areas and 38% in urban organizations that work primarily in urban areas.





Full-time executives. As the chart above shows, executive directors in rural areas are noticeably less likely to work full-time compared to executives in urban areas: 76% of executives in rural areas work full-time, compared to 88-90% when the main office is located in an urban area. The implication is that a higher number of rural executives work part-time or as volunteers, compared to urban executives. This is not surprising, given that rural organizations are smaller.

Volunteer executives. In addition, executives who work in organizations where the work is predominantly rural are far more likely to work as volunteers than urban executives. This is true for organizations with an office in rural areas and the majority of their work in rural areas (where 11% of all executives are volunteers, working for no salary) and organizations with an office in urban areas but the majority of their work in rural areas (where 12% of all executives are volunteers). None of the executives working primarily in urban areas work as volunteers.



Founders. It is also interesting that the percentage of founders working currently as executives is twice as high in rural areas as it is in organizations where the main office is in an urban area. In rural nonprofits, 35% of current executives founded the organization in which they work; this is the case in only 18-19% of urban-based organizations. This does not relate directly to the size of organizations, but it does imply that rural organizations may be newer organizations or organizations that remain more closely rooted to their founder's vision. It may also be the case that founders are more likely to remain in smaller organizations and work for less pay. While we don't know how to interpret the high percentage of founders in rural organizations, the differences between urban and rural nonprofits are intriguing.

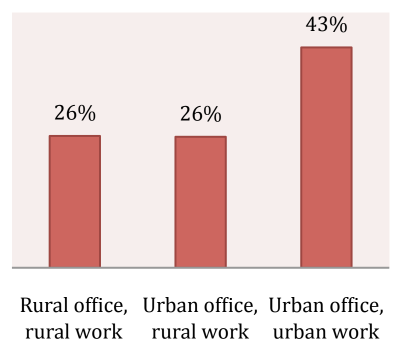
Executives' salary. Rural executives make noticeably less than urban executives. The table below lists overall average and median salary for executives in rural organizations, executives working in organizations where the office is in urban areas but the majority of the work is in rural areas, and executives working in organizations where the office is in urban areas and the majority of the work in urban areas. As is clear from the table below, rural executives clearly earn less than urban executives.

Mean and Median Executive Salary: Rural vs. Urban

Rural vs. Urban	Average Salary	Median Salary
Rural office, rural work	$44,724	$42,118
Urban office, rural work	$65,043	$50,000
Urban office, urban work	$62,778	$58,500

Staying in the nonprofit sector. Compared to urban executives, executives who work in organizations where the work is predominantly rural are less likely to plan to stay in the nonprofit sector upon leaving their current job. This is true for organizations working predominantly in rural areas that have both rural and urban offices: rural-focused executives are nearly half as likely as executives in urban-focused nonprofits to plan to remain in the nonprofit sector after leaving their current job.

Next Job in the Nonprofit Sector



Few candidates to replace executives in rural areas. In our online survey, there was space for respondents to make general comments about the questions we asked. Several rural leaders had comments related to the fact that executive transitions in rural areas are particularly challenging due to the lack of qualified applicants. For instance, one rural executive director wrote, "One of our biggest obstacles in hiring an executive director or staff is the lack of a pool of qualified local candidates and the disinterest in living in rural Appalachia for most qualified candidates." Another wrote, similarly, "Being located in a small rural community truly limits our pipeline." Finally, a third rural executive director wrote, "As we are in a rather remote rural area, the very small pool of qualified individuals would make hiring a replacement for me more difficult. Nonprofits in small rural communities tend to pay very low salaries to executive directors, and they usually get what they pay for. In our area, nonprofits are happy just to find someone willing to fill an open position as an executive director."

Recommendations

Below we have some recommendations for executives, boards of directors, funders, and organizations or individuals that support nonprofits. We created these recommendations as we collected, analyzed, made sense of, and presented the data in this study. Given the richness of these data, we could have made many other recommendations. These are the ones that seemed most pressing to us.

1. Executives need jobs that are feasible. Nearly two-thirds of executives we surveyed are planning to leave their job within the next five years. When asked about barriers to hiring their successor, they listed *too many job responsibilities* as the greatest barrier. The executive roles that they found particularly burdensome were fundraising, financial management, and management of staff. While 75% of current executive directors plan to stay in the nonprofit sector when they leave their current job, only 28% see themselves taking another executive director position. The data in this study suggest that while people want to work in the nonprofit sector, they generally do not want to work as an executive director. It may be the case that executive directors' job descriptions and roles are not capable of being fulfilled with a reasonable amount of effort and work.

Nonprofit executives are too overworked, stretched too thin. The next generation of nonprofit leaders realizes this. In previous research,[8,9,10] next generation leaders identified rethinking executive director roles and considering non-hierarchical organizational structures as high priorities for them. Yet only 31% of nonprofits surveyed in this study have considered ways to rethink executive director job descriptions and roles, and only 39% have considered alternative, non-hierarchical structures or leadership models. We understand why nonprofits rely on conventional executive director roles, because the work of managing a nonprofit has to be done. Someone has to raise the money, manage and oversee the finances, work with the board, and manage staff. But all of this work does not need to fall on one person. Even in small organizations, roles and responsibilities can be shared among staff or among teams. Boards and executives can develop an executive director job description that pares down the executive workload to make it achievable and shares the work among other staff, board members, or volunteers. Other possibilities include alternative leadership structures such as co-directors or non-hierarchical organizational structures (e.g., decentralized leadership teams with shared responsibilities and authority). To make executive director jobs sustainable, we may have to take some work off of executives' plates. To create jobs that the next generation of leaders will want to step into, we may have to re-structure executive director positions as they currently exist and make them more doable.

2. Executives need to be paid fairly, especially women. Executive directors are overworked and underpaid – this for us is the core challenge facing the nonprofit sector. This challenge was echoed in a recent article outlining the cycle of nonprofit starvation, where nonprofits settle into a "low pay, make do, and do without" culture.[14] Women may suffer particularly in this culture of nonprofit starvation. Our data suggest that even though there are more women working as executive directors, women earn less than men, especially in larger organizations, where salaries are highest. Compared to men, women feel that they are making more sacrifices, both financial and non-financial, to work in the nonprofit sector. Regardless of gender, two-thirds of executives (67%) believe that their board will have to pay their successor more; 25% estimate that the board will have to raise the executive salary by 30% or more for their successor. Only 31% of executives see their current salary as adequate. It is hard to think about raising salaries when nonprofits' funding is so scarce. But raising executives' salaries is an investment in our organizations, and in the sector as a whole. If we are to attract and keep the next generation of nonprofit leaders, we will have to pay them fairly. We may as well start now.

3. Nonprofits need multi-year grants and general operating support grants. For funders, this was a clear message from the current study. More than anything, executive directors and nonprofit organizations need multi-year grants and general operating support grants. When thinking about supporting executives and building organizations' capacities, funders are often more comfortable thinking about interventions such as workshops, trainings, and leadership development programs. From executives' point of view, these are low priorities. What they really want and need is multi-year grants and general operating support grants. This may be a stretch for many foundations, and it potentially represents a new way of doing business for some. But if nonprofits may need to change (by making the executive position more doable and increasing salaries), then foundations may need to change as well. If funders could make one change to support nonprofits and executives during the generational transition that we are experiencing, this would be it: restructuring their grantmaking to include more multi-year grants and general operating support grants.

4. Nonprofits can focus on organizational development. For nonprofit executives, board members, and staff members, it is hard to find the time to focus on organizational development. Program work or community work always comes first, as it should. But as we think about the inevitable transitions that will occur in nonprofits across the rural Southeast as two-thirds of executives leave over the next five years, it is likely that these transitions will go more smoothly if organizations are relatively stable.[6,7] This may mean focusing on organizational development now, before an actual transition has begun or is even on the organization's radar screen. Concretely, organizations can make sure they have a solid strategic plan, a succession plan, a fundraising plan, a strong fundraising system, a strong financial management system, a diverse board that governs well, and so on. Many organizations also take the time to ensure that someone in the organization other than the executive director understands the details of all of these organizational management systems. Building solid organizations now will make it easy to transition the management of these organizations to the next generation of leaders over the next few years.

5. Nonprofits can be thinking about the next generation of leaders. Around two-thirds (65%) of executive directors responding to this survey are above 50. Sixty-three percent (63%) plan to leave their jobs within five years. The current generation of nonprofit leaders across the rural South is aging, soon to be replaced by the next generation of leaders. Research has shown clearly that the next generation of nonprofit leadership has little interest in the status quo as it exists in the nonprofit sector today.[8,9,10] They want to have more doable executive job descriptions, and they want nonprofits where work, power, authority, and responsibility are shared among staff members or teams. They want to be fairly paid, and they want to maintain a healthy balance between work and the rest of their lives. As a sector, we have not yet fully realized that this is what young people are looking for in nonprofit jobs. It is probably time to start listening carefully to what next generation leaders are saying they want, and restructuring our executive positions and our organizations to fit their expectations and goals. If we don't, we may fail to attract the next generation of leaders that we need.

6. Rural nonprofits need attention and support from funders and capacity builders. This study lifted up some distinctive characteristics of rural nonprofits. Compared to urban nonprofits, rural nonprofits are smaller, more likely to have a part-time executive, more likely to have a lower-paid executive, and more likely to have an executive who feels like he or she makes financial sacrifices to work in the nonprofit sector. Rural executives are more likely to be planning to leave the nonprofit sector. They also feel that there is a small pool of people locally who could potentially replace them when they leave. Overall, it appears that rural nonprofits, and rural nonprofit executive directors, may be in particular need of support from foundations and capacity builders.

Conclusion

Executives in nonprofit organizations across the rural South are overworked and underpaid. Yet the executives who participated in this study generally enjoy their work and find it rewarding.

And the work they do is crucial. Rural nonprofit organizations are the backbone of community-based change in the rural Southeast. They bring about significant results, despite having limited resources.

Rural nonprofits are a key national resource. If rural areas are to thrive, we will need strong nonprofit organizations and strong nonprofit executives.

Currently rural nonprofits lack the funding and support they need to become as strong as they could potentially be. Recall from above that while 17% of the U.S. population lives in rural areas, rural nonprofits receive around 0.2% of domestic funding from U.S. private foundations.[1-2]

Recall too that poverty in the U.S. is particularly high in the rural Southeast: poverty is higher in rural areas than in urban areas, and 68% of the country's rural counties with the highest poverty rates are located in the southern states that were the focus of this study.[3] Given these high rates of poverty, it seems particularly important to invest in nonprofits in the rural Southeast. Rural southern nonprofits are working with too little funding in the highest poverty areas in the U.S.

In addition, our research found that, compared to urban nonprofits, rural southern nonprofits are smaller, more likely to have lower-paid and part-time executives, and more likely to have executives who feel that they make financial sacrifices to work in the nonprofit sector. Rural executives are more likely to be planning to leave the nonprofit sector, and they believe there are few people locally who could potentially replace them when they leave.

In sum, rural southern nonprofits are working hard to move people and places out of poverty in our country's highest poverty areas. They are disproportionately underfunded, and their executives are more likely to be underpaid and planning to transition out of their organization. As a result, rural nonprofits may be in particular need of support from foundations and capacity builders.

It's easy to overlook nonprofits in the rural South. It's important that we begin to pay attention to them.

We worry about the dearth of funding available to rural nonprofits. While we are not sure what to do about this, we believe that some form of collective advocacy among funders and nonprofits could be effective.

Based on the findings from this study, we also worry that executives are leaving nonprofits across the rural South, without an adequate pool of new leaders to step into these positions. We envision some form of collective effort to strengthen nonprofits' capacities and build next generation leadership in rural areas across the South. Next generation leadership development programs could potentially address both of these challenges, by simultaneously building the current capacities of nonprofits while also preparing young leaders to step into executive positions in the future.

The issues and challenges outlined above cannot remain unnoticed. While the solutions to these concerns are not immediately apparent, it seems to us that something must be done.

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