

# The Skills the Nonprofit Sector Requires of its Managers and Leaders

*A Preliminary Report*

*January 2011*



## Introduction

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During the last 63 years, the Nonprofit Leadership Alliance (formerly American Humanics) has been credentialing people in nonprofit management and leadership. The recipients of this certification include managers and leaders of some of our nation's most noted nonprofit organizations, such as the YMCA of the USA, Boy Scouts of America, Girl Scouts of the USA, United Way and many more. The Nonprofit Leadership Alliance's mission, through its national network of college- and university-affiliated programs, is to assure that the nonprofit sector has the talent needed to successfully meet the challenges faced by our society and the world. The Alliance remains the only national nonprofit organization dedicated to educating, preparing, and certifying the next generation of nonprofit leaders. Today, the Nonprofit Leadership Alliance includes 57 affiliate college and university campuses nationwide. We are supported by our workforce partners through their thought leadership, board representation and funding support.

The Nonprofit Management and Leadership Certificate, offered by the Nonprofit Leadership Alliance, recognizes that credential holders have met a standard for work preparation that the nonprofit sector requires. Over the last few years, reports (Tierney, 2006; Kunreuther, 2005) about the increasingly diverse U.S. population, rapidly advancing technologies, and the growth of the nonprofit sector confirm that attention to nonprofit sector workforce preparation is more important than ever. Nonprofit organizations are increasingly being depended upon to solve complex social problems and provide the safety net that once was one of the principal roles of government. They are playing a significant role in the management and improvement of our changing communities and meeting the challenges of our world.

The potential exodus of retiring baby boomers, who constitute significant numbers of nonprofit sector managers and leaders, is predicted to create a leadership gap that the nonprofit sector has no long-term strategy to address. According to research conducted by the Bridgespan Group (2006), a leading nonprofit sector think tank, over the next decade nonprofit organizations, conservatively, will need to attract and develop 330,000 to 640,000 new senior-level managers. Increased demand for services could push this estimate to over one million new managers and leaders needed. And by 2016, these organizations will need almost 80,000 new senior-level managers annually.

## The Report

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Since 1948, the Nonprofit Leadership Alliance has based the provision of its credential certification in nonprofit management and leadership on the competencies the sector requires of managers and leaders. Based on our relationships over the years, we have gleaned the competencies the sector requires, translating them directly into the preparation that program participants receive and the skills they acquire. Once the determination is made that all competency requirements have been met, and requirements for certification have been achieved, the credential is awarded. A full list of the current competencies and requirements for certification can be found in the final report. The Nonprofit Leadership Alliance works collaboratively with a Curriculum and Assess-

ment Committee, composed of our affiliated campus program faculty/executive directors and representatives from the nonprofit sector, who oversee the competency development and currency.

As one can imagine, these competencies have evolved over the years. With the recognition that societal changes, complex social issues and global concerns have also increased the demands placed on nonprofit managers and leaders, continuous quality improvement is required to ensure that the nonprofit sector has the talent needed to address the challenges our world faces. Therefore, in 2010, the Nonprofit Leadership Alliance determined that a comprehensive research study was needed to ensure that the competencies being used to prepare nonprofit managers and leaders were current and reflected the management and leadership skills required to meet today's challenges. To our knowledge, this is the first comprehensive assessment ever conducted of the skills required by the nonprofit sector. This research examined the competencies required in the preparation of nonprofit managers and leaders. The outcomes of this research provide a comprehensive analysis of the skills required by the nonprofit sector of its managers and leaders. They also provide an analysis of the differences between the competencies needed at the managerial level and at the leadership level. And finally, these outcomes offer a view, from the respondent's perspective, of the current state of preparedness of nonprofit managers and leaders to successfully meet the challenges their organizations and agencies face.

## Methodology

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More than 3,200 nonprofit leaders responded to the survey. The research strategy sought respondents with hiring authority, input into hiring processes and/or responsibility for training and education within the nonprofit sector. The survey strategy also sought to ensure that the diversity of nonprofit organizations and agencies was represented. The survey process used an online survey asking respondents to evaluate the relevance of each Nonprofit Leadership Alliance competency to today's nonprofit management and leadership requisite skill set. Respondents were also asked to provide comment, in an open field format, on the competency's currency and asked to make suggestions for additional competencies required.

A significant percentage of respondents indicated they worked for an organization with a Human Services mission focus (35%). The remainder of respondents reported that they represented organizations/agencies with: an Educational mission focus (17%), a Health mission focus (10%), an Arts, Culture and Humanities mission focus (7%), an Environmental and Animals mission focus (4%), a Capacity Building/Management Support mission focus (4%), a Philanthropic/Grant Maker mission focus (4%), a Membership/Association mission focus (4%), a Religious-Related mission focus (3%), and an International and Foreign Affairs mission focus (1%). Eleven percent (11%) categorized their organization as "Other."

Thirty-five percent (35%) of respondents were at the Executive Director or CEO level. The next-highest category of respondents was staff with partial Human Resource responsibilities (11%). The majority of respondents worked for organizations with a local purview (43%). Thirty-two percent (32%) reported that their organization had a regional or state purview. Ten percent (10%) worked for an organization with an international purview. As indicated in the table below, half of the respondents worked for either large organizations (25% worked at an organization with more than 100 employees) or small organizations (25% worked at an organization with fewer than 10 employees). This bimodal distribution is also reflected in the organizational budget, though the majority of respondents (60%) worked for an organization with a budget of \$5 million or less.

Number of Employees of Respondent Organizations		Respondent Organization Budget Size	
1-10 employees	25%	Under \$1,000,000	18%
11-25 employees	21%	\$1,000,001 - \$2,000,000	20%
25-50 employees	17%	\$2,000,001 - \$5,000,000	22%
51-100 employees	12%	\$5,000,001 - \$10,000,000	13%
101 or more employees	25%	\$10,000,001 - \$25,000,000	8%
		\$25,000,001 - \$50,000,000	4%
Due to rounding, totals may not equal 100%		\$50,000,001 - \$100,000,000	5%

## Key Findings

Our analysis of survey data revealed four key findings, each of which is highlighted and explored below.

**Finding #1: A significant number of the competencies underpinning the Nonprofit Management and Leadership Certificate remain important to the nonprofit sector.**

Eleven (11) of the thirteen (13) competencies assessed were determined to be highly important; the remaining two competencies were only considered moderately important for every level of leadership in nonprofit organizations. At both the nonprofit manager and leadership levels, Ethics and Values, Diversity Awareness, and Board and Committee Development were at the top of the list as being the most important competencies required for nonprofit leadership success.

While there were eight (8) other competencies determined to be highly important, the ranking was different amongst respondents for entry- to mid-level professionals than it was for executive- and leadership-level professionals. The ranking order of the eight competencies determined to be highly important for Entry- to Mid-Level Professionals was: Nonprofit Management; Community Outreach/Marketing and Public Relations; Program Planning, Implementation and Evaluation; Nonprofit Accounting and Financial Management; Volunteer Management; Fundraising Principles and Practices; Risk Management and Legal Issues; and Information Management and Technology. Though slightly different in ranking order for Executive- and Leadership-Level Professionals, the competencies were ranked as: Nonprofit Accounting & Financial Management; Nonprofit Management; Community Outreach/Marketing and Public Relations; Risk Management and Legal Issues; Fundraising Principles and Practices; Program Planning, Implementation and Evaluation; and Volunteer Management. On the other hand, the two competencies that were indicated as moderately important, though less relevant to the other competencies, included: Historical and Philosophical Foundations, and Youth and Adult Development. Information Management and Technology was seen as an important competency requirement, but not one that should stand on its own. Rather, it was seen as a critical component to Communications.

The data revealed that the Historical and Philosophical Foundations competency merited greater scrutiny. Every sector's foundation has been shaped by its history and the legacy upon which it is built. Traditional workforce preparation for nonprofit organizations includes a focus on the political, philosophical, and social forces that shape the development of the sector. However, survey respondents indicated that there is greater value to understanding the current nature of the sector and its interrelatedness to and interactions with other industries outside of the nonprofit world. Though the Historical and Philosophical Foundations competency remains relevant, it no longer reaches the level of being defined as a stand-alone competency and could be integrated within one of the other competencies.

**Finding #2: Some of the leadership competencies need to be redefined to reflect the current context of nonprofit organizations.**

Though some competencies required only interpretive changes, qualitative critiques revealed the need to update the definition of others, bringing greater currency to their value. As previously noted, the nonprofit sector is a fast-growing and dynamic industry meeting complex societal challenges. Issues affecting the world and the communities in which we live have become more interrelated. Thus, in the requests for a qualitative examination of the competencies required by the nonprofit sector of its managers and leaders, there were some significant observations made by respondents:

- The need for managers and leaders who understand the significance of integrating impact analysis into planning processes is critically high.
- The need for fundraising professionals to see their role in the broader function of resource development, including human capital and business development.
- The need for nonprofit organization leaders to communicate, in their pursuit of funding, their relevance to larger foundation and corporate transformation agendas.

Twenty years ago, the buzzword in most organizations focused on the use of technology and more specifically on information management and technology. Back then, organizations wanted managers and leaders to have basic computer literacy skills. Now the question is how organizations can integrate multimedia, web-based information management systems and sophisticated approaches to social networks into their communication and marketing approaches. Information management and technology is critical to nonprofit leaders, yet it is the specific knowledge required of nonprofit managers and leaders to effectively utilize technology that has changed.

Still a sensitive subject, the value for diversity as a management and leadership competency also needs updating. Our research made evident that securing representation across the broad spectrum of diverse groups is no longer seen as fulfilling the requirement for management and leadership effectiveness. Where managers and leaders need to gain skills is in assessing how the diversity of voices, opinions, perspectives and backgrounds bring added value to problem-solving and the increased assurance that positive impact will be achieved. This is a significant departure from traditional views of diversity and representation, thus requiring nonprofit managers and leaders to navigate an intergenerational divide that affects our communities, their effectiveness and the measure of their organizations' success.

**Finding #3: A significant commitment to management and leadership development is needed by nonprofit sector organizations.**

When asked whether entry-level to director-level professionals are properly prepared for management positions, seventy percent (70%) of the respondents replied “no.” The results are slightly more promising for senior-level leaders. The majority of respondents (54%) do not believe that nonprofit executive and leadership professionals are properly prepared for management positions. These results are consistent with results reported elsewhere (Enright, 2006; Tierney, 2006; and Halpern, 2005) and confirm the need for a greater commitment to leadership development by the nonprofit sector and improved preparation in the form of education and training.

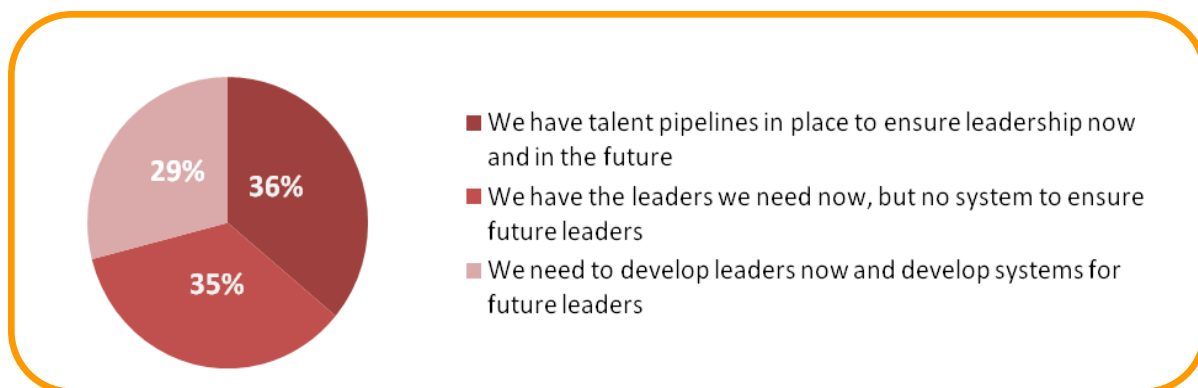


When asked “how do you feel about the leadership bench strength in your organization,” thirty-six (36%) of respondents indicated that their organization had the talent pipelines in place to ensure leadership now and into the future. However, the majority (64%) of respondents reported that they do not believe that their organization has adequate leadership bench strength. The key to sustained competitive advantage in any industry is not size, image or technology but the leadership

talent within an organization (Barner, 2006). Hence, the critical factor for every organization to sustain its strength is being able to hone in on hiring, developing, and retaining the best talent pool to ensure that it has the “bench” – its own next generation of leaders – to move the organization forward.

Roughly thirty-six percent (36%) of respondents indicated their organization has the leaders they need in the short term, but thirty-five percent (35%) believe that they lack a system for ensuring future leaders. This could present enormous challenges for the nonprofit sector in the future. With twenty-nine percent (29%) of respondents neither believing that their organization has the leaders they need now nor a system in place to cultivate future leaders, there is the sense that the absence of leadership continuity will place their organizational effectiveness in jeopardy.

Further, without a leadership team where all members are able to contribute fully, today’s nonprofit managers and leaders will find themselves challenged to maintain not only the health of the organization, but also that of their own careers. Survey results suggest that, as importantly, the nonprofit sector must attend to issues of succession planning, human capital management and resource allocation, as it impacts management and leadership preparedness.



**Finding #4: More comprehensive experience-based learning is needed to prepare nonprofit leaders.**

Seventy-nine percent (79%) of the nonprofit leaders responding to the survey indicated that more experience-based learning would help better prepare future nonprofit leaders. Nonprofit managers and leaders participating in the survey consistently, and strongly, expressed that people entering the field need more practical and hands-on experience. Based on respondents’ critique of field-based experiences, the data suggest that many education and training programs are failing to provide the

comprehensive management and leadership experiences necessary for adequate workforce preparation. Although it is common for nonprofit management and leadership programs to require an internship, there was an overwhelming response of survey participants expressing a need for internships to occur in various types of nonprofit organizations and that interns need to gain multiple experiences. For example, an intern should not only be involved in one aspect of nonprofit management such as grant writing, but also take part in such activities as stakeholder relations and risk management analysis. Respondents also indicated that practical experience can be gained through other avenues such as service-learning, structured volunteerism and community partnership projects.

For workforce preparation and education programs to garner the confidence of the nonprofit sector, it is critical that our future leaders have the necessary experience-based/hands-on preparation prior to entering the field. More succinctly, this thought was crystallized by one participant's response: "Most effective 'non-profit learning' comes from actually living it and figuring it out. You really can't possibly understand the dynamics of the often complex funding and operating environments of non-profit businesses until you've experienced it first-hand. It is eye-opening in both the challenges and rewards" (Revalidation Study Respondent, 2010).

The more experience one has prior to entering the nonprofit sector, the better equipped the individual will be in maximizing his or her potential in the sector. This is consistent with the Bridgespan Report (2006) finding that real-world experience was the most highly rated criterion for hiring the next generation of leaders and managers.

## Conclusion

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It should be no surprise that our research findings underscore the need to dedicate attention and resources to preparing nonprofit managers and leaders. What is of critical importance is that this preparation occurs according to industry needs. The potential that today's nonprofit leaders will leave the sector without the confidence that a well-prepared generation of managers and leaders will follow should cause great concern, especially if the trend continues toward greater reliance on the nonprofit sector to attend to societal issues and complex global concerns. Continued collaboration between the nonprofit sector and educational institutions is required to reassure that there is



an effective workforce pipeline connecting training/education and nonprofit organizations. Clear articulation and understanding of the skills needed for individuals to be successful in their management and leadership roles will ensure greater organizational success.

It is evident that continued advocacy for an increased nonprofit sector commitment to management training and leadership development is essential. We will continue to look for opportunities to address this issue. We will also seek avenues to increase internship opportunities for individuals preparing to enter nonprofit careers. As importantly, promulgating best-practice research throughout institutions that educate and train future nonprofit managers and leaders will be critical to ensuring that those professionals are developing the real-world skills required by the nonprofit sector.

There is also a continuing need for research, particularly research focused on the relevance of the nonprofit sector's human capital and organizational effectiveness in stewarding resources toward accomplishing their mission. Best-practice research is needed within the sector to share what organizations/agencies are doing to develop and increase their "bench strength" by identifying potential leaders within their respective organizations. And finally, there is a need for more research to increase the level of thought-leadership on nonprofit workforce preparation trends, developments and needs. Traditionally, nonprofit organizations funding strategies have been principally focused on impact, outcomes and programs. For those funding strategies to continue to bear fruit, assurances that the talent is available to reach these goals must also be considered.

Over the next few months, based on this research, the Nonprofit Leadership Alliance will revise and reissue the competencies required by nonprofit managers and leaders. This information will inform the curriculum development processes of our affiliated programs; assess the requirements for our national certification in nonprofit management and leadership; and strengthen the value for our credential. Our commitment to ongoing quality enhancement will mean that this research will be replicated every five (5) years to ensure that the talent is being prepared for the work of the nonprofit sector.

A complete bibliography will be included in the final report.

## The Nonprofit Leadership Alliance

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The Nonprofit Leadership Alliance is a national alliance of colleges, universities, and nonprofit organizations dedicated to educating, preparing and certifying professionals to strengthen and lead nonprofit organizations. Founded in 1948 as American Humanics, we are the only national organization credentialing future nonprofit managers and leaders. In March 2010, our Board of Directors moved to change the name of the organization to the Nonprofit Leadership Alliance. Now the relationship between our name and mission is unmistakable.

This Preliminary Report describes the results of this research. The full report of survey data will be available in the coming months. Please visit us at [www.nonprofitleadershipalliance.org](http://www.nonprofitleadershipalliance.org) for details on how to obtain the full report.

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