



Succession Crisis: Is the Nonprofit Sector Ready?

Mary Barroll: Welcome to Charity Village Connects. I'm your host Mary Barroll:

(SFX: Hummingbird flying and tone)

That's the sound of a Hummingbird pollinating our world and making it a better place. The Hummingbird is CharityVillage's logo because we strive – like the industrious hummingbird – to make connections across the nonprofit sector and help make positive change.

Over this series of podcasts, we'll explore topics that are vital to the nonprofit sector in Canada. Topics like diversity, equity and inclusion, mental health in the workplace, the gap in female representation in leadership, and many other subjects crucial to the sector.

We'll offer insight that will help you make sense of your life as a nonprofit professional, make connections that help navigate challenges and support your organization to deliver on its mission.

MUSIC TRANSITION

Mary Barroll: In this episode, we'll investigate whether the nonprofit sector is prepared to navigate the impending succession crisis it is bound to face in the next decade.

Kathy Archer: There are a number of senior leaders who are thinking about leaving, and some of them are afraid to talk about it and that's part of the problem.

Dave Hutchinson: I think, in general, our sector is under-resourced in order to be able to prepare well for succession. Financially we can't always afford to have a number two or a number three in waiting while the CEO is still in their role.

Jen Vachon: On the one hand, some young people are really encouraged to come into this sector because of the types of work that they can do. But I've also heard from some

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young people that they are a little bit discouraged by the sector because of just the rates of burnout.

Nick Chambers: Often the board, particularly when it's worked out really well with that founding CEO, they're terrified at the notion of having to replicate that person. And on one level, they realize that no two leaders are exactly alike, but they fear their dependence on the ways in which the organization has been built around that founder and what it would mean to have someone else at the helm.

Mary Barroll: The succession crisis is nothing new – 5 years ago, the Senate Report “Catalyst for Change: A Roadmap to a Stronger Charitable Sector”, included recommendations which called on the federal government to work with the nonprofit and charitable sector to [quote] “develop and implement a human resources renewal plan to ensure the long-term sustainability of the sector workforce” including initiatives for “succession planning and efforts to attract new and diverse talent to the sector” [end quote]. Co-Author of the Report, Senator Ratna Omidvar explains.

Senator Ratna Omidvar: In the sector, we have a huge succession problem. People are leaving, you know, the leadership of the sector is a certain age demographic, and the new young people that we need to embrace the sector with a passion, are not attracted by the wages that the sector pays. So, there's an inherent disconnect between supply and demand.

Mary Barroll: The Senate Report was published in 2019. Since then, what was already considered a serious problem has morphed into a full-blown crisis as many nonprofit leaders took early retirement during the pandemic, following trends felt across multiple sectors in the Canadian workforce.

NEWS CLIP

<https://www.cbc.ca/player/play/video/1.6619897>

"I would say demographics are the single greatest factor. We're losing probably about 300,000 people per year right now, just to retirement or near retirement. A record number of Canadians have left the workforce at a time when more workers are needed to meet the post-lockdown demand for goods and services."

NEWS CLIP

<https://www.cbc.ca/news/canada/aging-workforce-labour-hiring-practices-1.6619256>

"Uh, it's been a slow trickle, I would say, but you know, you see the oncoming tsunami, maybe down the road and not that long. We have a lot of staff, over thirty years of service. Luckily, it's a great place to work and people don't want to leave but sooner or

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later everyone leaves. I see that, over the next little while maybe being a greater challenge than historically it has been.”

Mary Barroll: As a critical mass of Baby Boomer leaders take their retirement over the next decade, their nonprofit organizations haven’t made plans to ensure that a new generation of leaders is adequately prepared to take their place. All too often lacking the time and resources to successfully plan ahead and build a succession plan, many of these organizations are also unsure how to attract new, younger people to the sector. We’ll explore some of the reasons we find ourselves in this critical situation, as well as strategies for managing this potential crisis and ensuring that nonprofits can create a sustainable future.

Don Shafer: Canada is home to an aging population that is retiring earlier and living longer than ever before. A Carleton University study published in the *Philanthropist* indicates that for every two people who will retire over the next 30 years, only one person will take their place in the labour force. According to the Senate report entitled *The Demographic Time Bomb*, by 2031 about 25% of Canadians will be aged 65 years or older. By 2030, there will be 40 retirees for every 100 working age people.

Mary Barroll: While this exodus of Boomers will affect every aspect of the labour force, the nonprofit sector is especially vulnerable at the leadership level.

Don Shafer: The Charity Insights Canada Project’s survey on organizational sustainability reveals a widespread lack of formal succession planning, with 44% of organizations reporting the absence of a formal succession plan and only 10% having a well-defined plan in place. 43% of respondents are either working on a plan or are addressing succession planning on a case-by-case basis.

Mary Barroll: One of the reasons for the lack of succession planning is that, in addition to needing young and talented people to step onboard, some organizations’ senior leaders are also founders who are reluctant to step down from an institution they created from scratch. It’s a phenomenon called “The Founder Syndrome”. Dave Hutchinson, President and Leadership Talent Partner for Cause Leadership, an executive search firm serving the nonprofit sector, explains.

Dave Hutchinson: Founder syndrome is sort of the negative connotation related to when an executive leader or founder doesn't know when to leave and hasn't prepared the organization for their departure. And a lot of it stems from their desire to keep doing good and their desire to continue to advance the mission that they're passionate about.

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But if we don't start recognizing that those transitions need to happen sooner than later, then organizations will falter.

Mary Barroll: Dave Hutchinson's observations on the Founder's Syndrome are supported by research conducted by Michael North, a professor at NYU's Stern School of Business who studies the increasingly multigenerational workforce of today. Here he is in an interview with CBC earlier this year describing the impact on the next generation – the potential leaders from Gen X.

NEWS CLIP

<https://www.cbc.ca/player/play/audio/1.7153094>

"I think one of the other sort of quiet laments of Gen X is because the Boomer generation is sticking around longer than ever and working longer than ever, which, you know, who's to say that shouldn't be their right? In general, I think most people would agree that if people feel like they have enough to contribute, and organizations agree, which, by in large they do, that their old guard, so to speak, can continue contributing. And who's to say that they need to get off the treadmill and open up opportunities for others? However, the Gen X lament would be, well here's yet another example of, I thought I was gonna become CEO by X and Y year and who knows when I'll be able to do that because I'm still sort of waiting for opportunities to open up."

Mary Barroll: Part of the reason why those leadership opportunities for the younger generation fail to *open up* in nonprofit organizations may be because boards of directors just don't know how to *open up* about the need for fresh talent with the existing leadership. It's up to boards of directors to broach this delicate conversation about succession with their current executive director or CEO. But when is the timing right? How do you even raise the subject? Leadership development coach, and the host of the *Surviving to Thriving* podcast, Kathy Archer, shares her insights:

Kathy Archer: Boards can have the courage to have that conversation with the leader. I think often we get somebody into that position, and they're seasoned and they're doing wonderful and we're like, let's just leave well enough alone, right? Let's not poke the bear. But have that conversation. What's your long-term plan? Sometimes we're afraid that I'm not allowed to ask those questions. I can't ask how old they are. But without that, you're not creating the structure. And the culture in your organization to address that, to have those conversations.

So boards can start with that and then say, what supports do you need? Because it may not be the board that helps them have those conversations or makes the succession plan, but what do you need to help get there? What can we start to put in place? Where

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do we sort of need to identify funding perhaps? Are there other creative ways that we can help build leaders from within? But start to have that conversation I think is the first step boards need to do.

Mary Barroll: Nick Chambers is a partner in Boyden's social impact practice, and he recruits executives and board directors for a wide array of mission-driven and public-serving organizations. He agrees that Boards do absolutely need to learn to have those difficult and delicate conversations with their executives, even if they might be tempted not to rock the boat.

Nick Chambers: Often the board, particularly when it's worked out really well with that founding CEO, they're terrified at the notion of having to replicate that person. And on one level, they realize that no two leaders are exactly alike, but they fear their dependence on the ways in which the organization has been built around that founder and what it would mean to have someone else at the helm. And in the way that our psyches work, we might be tempted to kick that reality down the road as long as possible.

I think it is in part a question of courage. It's also about the ability to plan ahead. And the best boards do planning, engage in planning really well and succession is one of those priorities that should really be baked into the rigor, the routines of a board.

Mary Barroll: So how *can* boards of directors plan more effectively for an executive leadership transition at their organization? What steps should they be contemplating putting in place to make succession planning a more intentional and smooth process for both the board and the executive leadership? Nick Chambers weighs in.

Nick Chambers: Some executive directors, some CEOs are on a term-based contract. So, they might have been signed up for a three-year term or a five-year term. And in anticipation of that term coming to an end and either a departure or a reappointment, there should be some conversation with that leader baked in as to what their intentions, what their plans are. And so that might help point in the direction of needing to think about a replacement for that leader or needing to think about how to hold on to that leader. And in the absence of a term limit, if it's an open contract that doesn't anticipate a specific departure date or need for reappointment, then building into that cadence of chair and CEO dialogue and planning should be a discussion of that leader's plans. That leader should also be encouraged to be thinking about the other members of their executive team, understanding what their goals, their ambitions, and aspirations are. If in doing so, the CEO determines that there's no one on the team who would naturally

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gravitate towards stepping in as their replacement or at least putting their name in the hat, then that should be a matter of discussion with the board.

Mary Barroll: Nick Chambers suggests that organizations might also have a better chance at successful leadership transitions if they worked harder on improving their staff retention.

Nick Chambers: Part of the task of retaining people is to ensure that they feel that they belong in the organization, can grow in the organization, the organization values them, and even if they don't spend their entire career with that organization, that there is a path forward for them, particularly for smaller organizations or ones in which there's not a lot of movement. Development planning around what's next for someone is key.

You might have someone on the executive team who says, my ambition, my goal is to be the CEO of an organization and I would love for it to be this one and might be turning to the CEO for some coaching or sometimes members of the board will step in and provide some coaching. So, we want to be doing those types of things while at the same time ensuring that the board has full opportunity to pick the person they deem to be best for the CEO role.

Mary Barroll: What is the next generation of talent saying about their career goals and their desire to climb into leadership in the nonprofit sector? Leadership development coach, Kathy Archer, says there are real barriers discouraging younger people from stepping into nonprofit leadership positions -- not the least of which is what they see their leaders struggle with day in and day out.

Kathy Archer: I think they look at the leaders and go, no way. I do not want to do what those guys are doing. And so, I think that's part of it. That's the barrier that the sector has created is we've got leaders who are overwhelmed, overloaded, burning out, struggling to keep up. And the next in line leader looks at them and says, I don't want that lifestyle. We're in survival mode. And so, as a younger leader or a next-in-line leader, I look at that and say, no, thank you.

Mary Barroll: Indeed, the strategy of bringing up younger talent internally to be groomed into a leadership role is often something of a luxury for many nonprofits, most effectively achieved by well-funded organizations. Unfortunately, due to lack of funds and resources in the vast majority of smaller nonprofits, many organizations just don't have the capacity in their workforce to develop their next leaders from within. Dave Hutchinson explains.

Dave Hutchinson: I think in general, our sector is under-resourced in order to be able to prepare well for succession. We don't often have the liberty or luxury, I guess is a *The contents of this document are both privileged and confidential and may not be disclosed or reproduced without the express authorization of the author, Everything Podcasts ©2024. All rights reserved.*



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better word, to say that financially we can't always afford to have a number two or a number three in waiting while the CEO is still in their role.

So I would say most organizations are not in that position in order to bring somebody up internally because they probably don't have them. And therefore, they're always going to have to go out to the marketplace to try and find them. But again, that's getting harder and harder as well.

Mary Barroll: If the reality is that most organizations will need to look externally for a successor, then their boards also need to spend some time developing best hiring practices. Nick Chambers outlines what's crucial.

Nick Chambers: When it comes to a search itself, search governance is really important. The composition of that committee is going to be really important. The clarity as to what that committee is charged with, what level of autonomy versus accountability back to the board is expected. What happens when the committee comes back to the board with their recommendation?

And when the committee comes back to the board, they need to be clear about what they did, how they did it, what kinds of metrics they can report back on in terms of the reach of the search, the types of candidates, the diversity of the candidate pool, the efforts that they took to ensure as inclusive a process as possible.

MUSIC TRANSITION

Mary Barroll: If the short term solution for many nonprofits' succession problems is to recruit from outside, it begs the question – just what is it that the sector has to offer to attract young talent and persuade them to build a career path to leadership at a nonprofit organization?

Fora, Network for Change, is an organization that prepares the next generation of leaders to amplify their voices in decision-making spaces. Their Rise on Boards program helps young women and gender marginalized youth across Canada to receive leadership and governance training and to be placed on a nonprofit board for a year. Here's what Fora's Director, Advocacy and Programs, Jen Vachon, has been hearing from her program participants.

Jen Vachon: To be perfectly honest, I think it's a bit of a mixed bag. What I hear is that a lot of young folks, young women, gender marginalized youth, they care very deeply about the work that the nonprofit sector is doing to address the various issues that we see locally and globally. And so, I think that the nonprofit sector is attractive in that

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sense. However, this sort of work is very tiring, especially when folks are so passionate about it. And we do see in the nonprofit sector a high burnout rate.

Mary Barroll: Dave Hutchinson agrees that burnout and lower wages are a problem for the nonprofit sector, and for young talent, money talks, especially in those early foundational years. This means that highlighting the meaningful nature of the work in the sector is critical to overcome the sector's perceived shortcomings and attracting young people who seek purpose with a paycheque.

Dave Hutchinson: Compensation will never be as high as it is in the corporate space. There's a few out there that of course make more than others and yet they're running very large, significant organizations and you would expect the compensation level to be higher. But in general, our sector is not known for anybody getting rich by working in the charitable space, let's put it that way.

Part of it is definitely a resource issue. I think it's a talent attraction issue as well. I mean, the two biggest issues facing charity today are talent and money. If you don't have enough talent and you don't have enough money, then your sector is going to be challenged by those two significant factors. So it comes down to talent attraction as well. But what is attractive about our space that would cause people to come and work here? Obviously, mission is a huge piece of that. And so we don't usually falter on the mission side. We usually have lots of people that are interested in what our charities are about. But can they afford to come and work at a charity and take a reduced compensation package than they might be used to?

From the other side, have they actually got the education and the experience that we need to assume leadership roles? Have we done mentorship well? Have we done professional development well in our organizations? I would say in general, probably not at the level that we need to. So those are some of the factors that are making it more challenging to find the talent that we need.

Mary Barroll: Kevin Calloway holds the Canada Research Chair in Occupational Health Psychology at St Mary's University in Halifax. Part of his research involves studying what makes people like their jobs, including the intrinsic qualities that make work meaningful together with the perks that we enjoy. Here he is in a recent CBC interview to explain.

NEWS CLIP

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"Typically we talk about two main areas. We talk about intrinsic and extrinsic satisfaction. So, intrinsic is, I like the work I'm doing. I like the actual tasks; I like that the

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work is meaningful. And that's what attracts many of us to certain professions in the first place. And then, surrounding all that is all the extrinsic stuff: How much I get paid, what kind of vacations I get, where I work, the environment I'm in, all of those things. And when we ask people, what creates satisfaction, what creates that you're happy at work, we often list all those intrinsic things: My work is meaningful, my work's important, I really enjoy what I do. But all those extrinsic things play a role too. Especially when they're absent. So, you know, if you don't make enough money."

Mary Barroll: So if most nonprofits can't afford to pay better, what can organizations do to create a more attractive workplace? In addition to amplifying the appeal of offering meaningful work through their mission-focused programs and initiatives, Jen Vachon says nonprofit organizations need to make sure their work *culture* appeals to young people by adopting better working conditions and more supportive health and wellness practices. Absent an increase in wages, she has some ideas for lower cost solutions for nonprofit organizations struggling to attract young talent.

Jen Vachon: I think this culture of wellness is very attractive to people in general but including young people. And it's no secret that the charitable sector oftentimes can't or doesn't pay salaries that are competitive with other sectors. But I think the sector needs to start demanding better pay for the work that's being done. And there are wellness policies that can be put in place. So even if a charity isn't able to offer like exactly a competitive salary compared to like the private or public sector, things like giving more vacation days or more sick days, implementing wellness days within your organization, like mandatory wellness days for everyone across the organization. Things like shopping around for a better benefits package that's within an organization's budget.

Mary Barroll: Dave Hutchinson sees that more attention on health and wellness in the nonprofit workplace is crucial, and he thinks it's long overdue in the sector. He believes a lot can be achieved in reducing burnout and improving employee attraction and retention, by moving towards a more flexible work culture.

Dave Hutchinson: Thankfully and gratefully to some of the folks that work in charity, they have opened up and spoken openly about their challenges from a burnout perspective and some of the reasons why over the last couple of years especially. That's actually healthy and hopefully we can continue that conversation as it relates to understanding what are the true challenges that charity workers face today in Canada.

I do think we need to prioritize the health of our teams. We need to have a healthy culture. We need to look at things like remote work and hybrid work that allow people to have a life that isn't about commuting into an office every day.

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Mary Barroll: Beyond pay and working conditions and schedules, there are more nuanced emotional and psychological expectations that young talent seek in their workplaces. Jen Vachon emphasizes that young people also want to feel heard by their managers and leaders and be trusted with responsibility in their roles. They want to feel that they're having an impact on their organization and the community it serves.

Jen Vachon: I think young people want to have a true say in how the work is being shaped. So even if it's not young folks in leadership positions, being in whatever position you're in within the non-profit sector, being asked for your feedback and it not just being a performative act, but actually implementing that feedback and having people being able to take on the lead roles and sorts of development and implementation of different initiatives. I think these are all things that can be done to really attract young people to paid and volunteer roles.

Mary Barroll: Jen Vachon adds that in order to build better pathways for young people to enter into nonprofit organizations and actually develop their careers and leadership capacity, nonprofits need to nurture their emerging leaders and provide them with support through mentorship, networking, and professional development.

Jen Vachon: One I would say is informal learning opportunities. So, more leadership development programs that focus on challenges and nonprofit management, so looking at things like fundraising, governance, community engagement, those sorts of pieces that folks can really learn from and use to sort of bolster or build better leadership pathways for young people.

Mentorship and networking opportunities are huge I would say, and we really do see this within the programs at FORA. So, using Rise on Boards as the example, someone has a good experience in their first year on a board, they've been supported by a mentor and a coach and then they go on to stay on the board beyond that one-year board term and oftentimes take on executive board positions like the treasurer role or chair, vice chair.

Mary Barroll: Kathy Archer agrees that skill development is crucial – and, in particular, the soft skills that are what ultimately make leaders successful.

Kathy Archer: We're not teaching them how to be leaders. We're teaching them the nuts and bolts of the organization. We're not teaching them, you know, we call it soft skills, but essentially that's what we're lacking is that ability to have those difficult conversations, maintain our composure, inspire and motivate people and get them to go, here's where I am. I mean, we have people come in and we hire them, we love their

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resume, and we think they're amazing. And then they flatline and we're like, well, what's going on? Well, we haven't taken them to that next level. And that's your job as a leader is to go, here's where they are, but here's what I see in them. How can I grow that? How can I develop that?

Mary Barroll: Dave Hutchinson emphasizes that existing nonprofit leaders need to put aside their reservations and become more supportive of their emerging, younger leaders.

Dave Hutchinson: I think it's meeting them where they're at, and listening to them and recognizing that they are the future and we're not anymore. And a lot of that means that we have to put aside some of our expectations of older generations versus younger ones and give them the opportunity to lead. Frankly, I just feel like, in the charitable sector particularly, we want somebody who's 25 with 50 years experience, right? That's sort of how it seems some days. Well, why not give that 25-year-old the opportunity to lead something? And I'm not trying to be disrespectful to our senior board leaders, but, I think we need to remember that we were all young once.

If we don't trust that younger generation with leadership roles sooner, we're not going to have ready leadership to lead our organizations.

Mary Barroll: So, what do these emerging leaders need to feel ready to take on leadership? Kathy Archer describes some of the areas where she sees emerging leaders struggling and needing additional support.

Kathy Archer: Biggest gap, I mean, maybe it's because I work in the level of confidence, but it's the confidence. It's the imposter syndrome. They've moved up from frontline into this position without sort of the training. I look back when I moved into leadership and I'm like, I'm the youngest one here. I don't have the experience. And so that imposter syndrome hits them.

Mary Barroll: Part of the work the Rise on Boards program does is help open doors to young women and gender marginalized people with training that helps them overcome challenges like imposter syndrome, but also to offer training to open the mindsets of the organizations they are entering. Here's Jen Vachon to explain.

Jen Vachon: The program really does hone in on expanding their skills, knowledge, confidence and networks that truly do end up driving their leadership trajectories. So, for the training component, we train them in things like negotiations and imposter syndrome to really help with their confidence in those different areas. Everything surrounding board governance, so fundraising, financials, board governance 101, professional communications. And then we also train them how to navigate tokenism and

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microaggressions for when those situations, if they do come up within their board experience.

And then how do we go about that shift in mindset that really does help to develop those leadership pathways. So in the regular Rise on Boards program, any board that signs on to work with us and take on a one-year placement, at least two members of that board have to participate in the equity training that we provide.

MUSIC TRANSITION

Mary Barroll: Perhaps one of the most powerful attractions for young talent today is an organization that embraces, and is committed to, equity, diversity and inclusion. Increasingly, nonprofit leaders are recognizing that it's crucial that their organizations reflect the communities that they serve – including their leadership. Young talent yearn for workplaces that offer a vision of leadership in which they can see themselves. Senator Paulette Senior, who's also CEO and President of the Canadian Women's Foundation, remembers what things looked like when she started out.

Senator Paulette Senior: When I first started in this sector back in the late eighties, it, it was really a sector that, that I loved and cherished and relished in. It was inspiring to be doing the work that my heart desired. But I also saw that for the most part, the leadership did not reflect me. It didn't reflect the people we're serving. It was really, an approach to working within a charitable model, sort of an old school model that didn't really, look at the reflection of those who were being served and saw the need to make sure that those who were being served were also the ones who were doing the serving, so to speak.

Mary Barroll: Though the nonprofit sector has since made some improvements with regards to the gender gap, it remains far from accurately reflecting the demographics of the populations it is serving.

Don Shafer: CentrePoint's 2005 study on executive transitions among Alberta's 19,000 nonprofit organizations found that two out of three executives are women and 5% of respondents identify themselves as visible minorities. The study confirmed high levels of executive turnover, with 36% of respondents stating that they will be seeking a new challenge within the next two years and 82% expecting to leave within the next five years. A similar study carried out in Québec notes that the sector is coping with an aging and predominantly female workforce, higher turnover rates than in other sectors, and a poor integration of Indigenous peoples and immigrants. Both studies describe a leadership that is primarily female, aging and not very diverse.

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Mary Barroll: Here is Senator Paulette again to explain the gaps in nonprofit leadership.

Senator Paulette Senior: The 2019 Canadian Nonprofit Sector Salary Benefit study shows that women make up 85% of nonprofit support staff but holds 70% of senior executive positions. So, where women are in leadership positions, they're often primarily white women. There are significant gaps in terms of board and executive leadership, especially for racialized and Black and Indigenous women and other, other folks such as women with disabilities there to us, 2SLGBTQIA+ folks and in gender justice nonprofit organizations.

Mary Barroll: As nonprofit organizations move toward greater equity, diversity and inclusion in their workforce, including their leadership, what should boards understand when they're potentially bringing on their first female leader, or first leader of color or a leader from another equity deserving group? What kinds of challenges do these leaders face? And should the board be doing things differently to support these executives? Nick Chambers, who is frequently called upon to lead or support executive searches with an equity, diversity and inclusion focus, has this to say:

Nick Chambers: There's a phrase that's sometimes used, the curse of the first. We're great at celebrating the first woman leader of X, Y, and Z, or the first racialized person in a given role. There's a sense of excitement that comes with perhaps achieving something that hasn't been achieved before, breaking new ground. Perhaps there's a certain kind of optimism associated with what that might mean for the future of the organization.

I mentioned that it can be lonely at the top. I think it can be especially lonely at the top when you're the first. And sometimes boards or other hiring bodies can make the mistake of thinking that the job is now done, of placing too much on the shoulders of that new person in terms of taking over longstanding issues of microaggression, sexism, discrimination, distrust between groups or individuals within an organization.

And in the meanwhile, while there's still work to do in further diversifying the team, there should be some really open dialogue with that person, a willingness to say, how's it going so far? What are you finding difficult? I want you to help co-design your experience here.

There is a risk in all of this that we take a more patronizing approach that says, I've heard of the curse of the first and so I'm going to make it easy for you and I'm going to clear roadblocks and introduce you to all kinds of folks who are going to mentor you. And while those steps, at least some of those steps may be the right steps to head

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down that without having that leader kind of join in with you lockstep would also be a mistake. So the co-designing the onboarding experience, co-designing the steps that need to be taken to kind of share the load as far as the organization's needs are concerned, that'll be really important.

Maybe the last thing I'll add on this is that while we like to talk about the value of failing and learning from our failures, I can pretty much guarantee you that that person who stepped into the role as the first ever doesn't believe that there's room to fail, either for their own sake or for the sake of others who would hope to follow them. And so to recognize that and have open dialogue about that.

Mary Barroll: Jen Vachon agrees, even in the early stages of attracting and developing diverse leaders that it's critical for organizations to tackle performative and tokenistic attitudes and practices.

Jen Vachon: The main challenge I would say is once young women, gender marginalized youth get on boards, sometimes they face tokenization or other forms of discrimination by members of the board that haven't quite developed an equity centered mindset. So, people turning to these new board members as like EDI experts because they're one of the only or like the only racialized person on the board, as an example, or assigning tasks like notetaking versus having them like really engaged. We've heard of these things happening with young folks joining boards.

I think it's important to recognize that everyone has different needs and approaching people differently in terms of what they need in order to be able to engage meaningfully and effectively. Simple things like inclusivity within meetings, so seeking input from everyone, maybe doing a round robin type of discussion, ensuring that everyone has the chance to speak.

MUSIC TRANSITION

Mary Barroll: All of the strategies we've discussed so far in this episode – from boards broaching succession discussions with executive leadership, developing and instituting a succession plan, adopting best practices for recruiting leaders from the outside the organization, to developing recruitment strategies for attracting young talent, and building an internal pathway to leadership and embracing and implementing equity, diversity and inclusion in your nonprofit -- all require a long-term commitment of effort and resources.

Clearly, finding and nurturing these new leaders will require investment in time and energy from an already strained sector. What is the sector to do in the immediate short term to navigate and survive the imminent succession crisis and fill, at least in the interim, the looming leadership gap facing so many nonprofit organizations. Dave Hutchinson shares some solutions he sees the nonprofit sector trying out, to balance

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Succession Crisis: Is the Nonprofit Sector Ready?

the need for strong leadership with the reality of limited resources during this crucial transition period.

Dave Hutchinson: Some of the things that I would look at and some of what we're seeing in the marketplace today is a change in how people are employed within the sector. So, we are seeing interim executives. Some organizations and some sizable organizations have already merged and shown that amalgamation with either some of their federated partners already, or other organizations that were completely distinct from them, coming together. That helps solve some of the talent and some of the funding issues that we're facing.

Frankly, I think, we're still at a place where government is going to have to step up from a funding perspective or loosen the regulations around how we see funding for our charitable organizations. Maybe loosen the purse, I guess I should say, as opposed to regulations necessarily. So there's a lot of factors that, I think, have to come into play for us to see the solutions that we are looking for.

And so, flexibility and how we hire talent, who we hire, the terms that we hire them under, those are going to be vital conversations for organizations coming up, especially in this transition period, because we don't have enough of the leaders. We don't have enough talent in our market to replace the leaders that are leaving. So, we're going to have to be creative and innovative about how we do employ people.

Mary Barroll: So, when you say you have to be creative and flexible, especially in this interim period, if we hope to get a solution, what are some of the strategies that you've seen?

Dave Hutchinson: Interim executives, interim CEOs being there for six months, nine months, 12 months, whatever the need might be to help an organization through an executive leadership transition. Executives who have been CEOs or chief development officers can actually be very valuable to organizations that could never afford them on a full-time basis but can utilize them during a period of transition or a period of need within the organization's talent pool.

Mary Barroll: Another potential source of talent that could help the nonprofit sector are sector shifters. These are people with leadership experience in the for-profit sector who are taking early retirement but still want to use their skills and experience and make a contribution.

Dave Hutchinson: I do really believe that talent from other sectors should be welcome in the charitable space and in fact would provide significant amount of talent that we do need. I would say that because of the transitions that we're facing, because of the talent

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pool that is the reality that we have today, if we don't embrace people from other sectors, whether it be the corporate or private sector or government, you name it, we're going to experience the deficit of their experience not being available to us. They bring an immense amount of skills, relationship building skills, sales skills, which translates into fundraising, project management skills that translates into programs, executive leadership skills that they have experienced elsewhere as well.

Mary Barroll: As the sector comes to terms with this succession challenge and considers solutions, tremendous changes in society will inevitably be taking place. I asked our guests to predict what the nonprofit sector – and its leadership – will look like in the next five to ten years.

Jen Vachon: I think there is a greater understanding of the value of having young and diverse women and gender marginalized youth engaged in leadership work in the sector. But I recognize that there is still a lot of work that needs to be done. And shifting those attitudes is going to be a lot of work, but I think we're on the right track. So I'm feeling optimistic.

Kathy Archer: I think it's a gradual change. We have to start creating those ripples. And I think you'll start to see those ripples become waves in the next five to 10 years. But I don't think we're going to see a dramatic shift. I wish we were. But I also think that change takes time and that's a good thing. We have to sort of work with it. You know, it's sort of the two steps forward, one step back kind of theory. Let's see where we go. OK, let's stabilize.

Nick Chambers: So I predict that there'll be increased instability. Some organizations will fold or will fold into other organizations. We might see kind of more merging. We might see operating models kind of upended and organizations try something new. I think there's real opportunity for leaders who are entrepreneurial, leaders who can help navigate change. We like to talk about builders. So, I think it's going to be a rocky next five years and unsettling, destabilizing for a lot of people, but an opportunity for the type of leadership that can help navigate that kind of terrain.

Dave Hutchinson: If the leaders of today, and I mean the board leaders and the major donors and the foundations and the executive leaders, if they decide today that they can get behind and support younger generations that are a couple of demographics behind them, then we are going to have a successful transition of talent and an ongoing ability to serve the missions and the causes that people are passionate about and that we absolutely need as a society.

MUSIC TRANSITION

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Mary Barroll: I'd like to thank all of our guests for joining us and sharing their valuable insights into this critical issue of leadership succession for the nonprofit sector. Be sure to visit our website and our show notes for more information on the resources, reports, and programs mentioned in this episode. If you'd like to hear more of what our guests have to say check out our full video interviews on our website.

CharityVillage is proud to be the Canadian source for nonprofit news, employment services, crowdfunding, e-learning, HR resources and tools, and so much more. Please take a moment to check out our website at charityvillage.com.

In our next episode, Reconciliation and the Nonprofit Sector: Where Are We Now? As Canada prepares to observe the 4th annual National Day for Truth and Reconciliation, we're checking in with Indigenous nonprofit leaders from across the country about what, if any, progress has been made when it comes to how the wider nonprofit sector supports, funds, and collaborates with Indigenous-led organizations. Are legislative changes to how charities can work with non-qualified donees making a difference? Are Canadian foundations doing a better job of ensuring more funding dollars go to Indigenous-led groups? Tune in to the next episode of Charity Village Connects to hear from Indigenous leaders as they answer these questions and more in the next episode of Charity Village Connects.

I'm Mary Barroll, thanks for listening.