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Retiring boomers worrying nonprofits

By Jane M. Von Bergen

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Amy Holman Balian wants to quit - not tomorrow, not next month, and maybe not even this year.

After 20 years on the job, the completion of a successful \$1.5 million capital campaign, and a move into a lovely new building, the director of West Chester Area Senior Center yearns to retire. But there's no succession plan and no one at the center willing or able to fill her shoes.

"I feel concerned for the organization," she said. "I don't want the organization to suffer or decline."

Take Balian's name out and drop in just about any executive director's name. The entire nearly \$1 trillion nonprofit sector - from art museums to homeless shelters - is bracing for a particularly difficult ride through the demographic shift in the workplace that is beginning now, as baby boomers near retirement.

Surveys show that 50 percent to 70 percent of executive directors plan to leave by 2010. Many are founders or longtime leaders, closely identified with their organizations.

"The sector is moving from relative stability to instability at the top," according to a report by the Annie E. Casey Foundation, which found that two-thirds of 2,200 executive directors surveyed nationally in 2004 wanted to leave by 2009.

It is a sector where money is tight, organizational infrastructures are fragile, and transition is often fraught with peril.

"That has everyone concerned," said Patrick A. Corvington, senior associate of leadership development at the foundation and the author of the survey.

"If the nonprofit sector becomes destabilized, it has an impact on the communities that are being served," he said.

"If nonprofits become destabilized, the kids in after-school programs, the people who use shelters, kids coming out of foster care, the disenfranchised people in society that are served by nonprofit agencies are at risk."

What worries nonprofit experts is the lack of potential replacements. It's a problem that goes beyond demographics and reflects more on operating conditions unique to the sector.

For example, most ethical nonprofit groups will try to throw nearly every nickel into programming - hiring social workers, teachers and nurses before they fill the middle-management slots that lead to the top jobs.

"One of the things that is missing is the Number Two," said Laura Otten, director of the Nonprofit Center at La Salle University.

Some nonprofit groups draw revenue from government contracts for services with restrictive rules or from donors with strict conditions about the use of the money.

A social worker funded for a particular program may lose part of that funding if she wants to advance to a leadership role in the organization, because it is not in the contract.

There is little money for training in executive skills such as budgeting, strategic planning and human resources management, leaving these "accidental leaders," as one expert calls them, frustrated and overwhelmed.

As a result, executive directors take on more and more. "They've made a job that is undesirable and undoable," Otten said. "It is such an enormous amount of job for a not-comparable compensation."

A La Salle survey of 223 local nonprofit groups in 2006 mirrored the Casey Foundation results. Two-thirds of their executive leaders plan to leave their jobs by 2010.

Otten said it was not just generational. The directors want more professional development and a better work-life balance. Some, nearing retirement age, suddenly realize they do not have retirement savings and leave for a job with more financial security.

The survey also showed that 90 percent of the organizations had not put any thought into succession planning, Otten said.

"There is the whole buzz about succession planning, and it's all about who is going to take over the top positions," said Nancy Burd, vice president of grant-making at the Philadelphia Foundation, which, like the La Salle center, is paying increasing attention to the issue.

"But the problem is replenishing the workforce. The workforce is as old as the leadership," she said. "It's not like you have retiring leaders and a lot of young pups. You also have people in middle management and the caseworker, and they are going to retire, too."

One leadership source is early retirees from for-profit companies. Former Fleming Cos. Inc. division president James V. Pinciotti, 56, now heads the Greater Philadelphia chapter of the ALS Association. William J. Clark, 55, a former W. Atlee Burpee & Co. executive and owner of his own food-distribution company, is president of Philabundance. Both started nonprofit work near their 50th birthdays.

But Burd said that was a short-term solution: "They are going to retire, too."

Many young people are not willing to take on the work, she said. Even if they feel drawn to nonprofit groups, they come out of college with debt and cannot afford to work for the low pay.

Nonprofit groups also are not technologically advanced - a turnoff to young people. Because of the thinness of middle management, young prospective employees do not see a career path. It is also a tough job, and not conducive to the work-life balance that is particularly important to younger employees, the experts agreed.

"There are some young folks who want this type of position," Otten said. "But when they see the reality and how hard the executive works, their interest wanes."

That is what worries Balian at the senior center in West Chester. After her husband died in 1993, she threw herself into her work. "This job was the reason I got up in the morning," she said.

Even though she contemplated retiring when she remarried, the excitement of the capital campaign kept her hooked. Then there was last year's move into the new building, which she helped design.

"I have a lot of conflicted feelings," she said.

Balian has not given her board any official notice - she plans to give them at least six months' warning. Meanwhile, she is tidying up policies and plans so she can bequeath a neat package to a successor.

"I have a lot of balls in the air and not everyone can do it," she said.

Mary Kline, 51, the center's program coordinator, agrees. Kline would be a logical successor, but "I see how hard Amy works. And I'm already thinking of retiring myself."

Nonprofit Groups: Change at the Top

Web sites and online publications on leadership transition for nonprofit groups:

go.philly.com/nonprofit1

Annie E. Casey Foundation publication on succession issues for nonprofit groups with a look toward generational differences in leadership.

go.philly.com/nonprofit2

Annie E. Casey Foundation publication on transition issues for nonprofit groups when a longtime executive director or founder leaves.

go.philly.com/nonprofit3

Annie E. Casey Foundation overview of succession issues at nonprofit groups, focusing on a survey of executive directors.

go.philly.com/nonprofit4

Web site of the Nonprofit Center at La Salle University.

go.philly.com/nonprofit5

Web page from the Philadelphia Foundation, explaining its approach to leadership development.

Coming Tomorrow

"Hired gun" Kevin Howley is a Harvard-trained manager who steps in as an interim director when nonprofit leaders leave.

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