WHO’S LEADING NON-PROFITS IN PEEL REGION?
A SNAPSHOT OF EXECUTIVE DIRECTORS

2013 ED Survey

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**Acknowledgements**

The Peel Leadership Centre is grateful for the support of:
Executive Summary
The Peel Leadership Centre (PLC) has been providing leadership development opportunities for leaders of non-profit and charitable organizations (NPCOs) operating in Peel region since 2005. We recognize the critical role that civil society leaders – staff and board members – play in improving the quality of life for all those living in Peel. We surveyed Peel NPCO leaders in spring 2013 to help us better understand their profile and unique needs.

The Executive Director (ED) survey tool was adapted from one developed by CompassPoint USA and the Meyer Foundation. 59 Executive Directors in Peel region completed the survey; we estimate this may represent less than 10% of the EDs in Peel region. 60% of these leaders indicated their organization’s head office is located in Mississauga. A sizeable majority of EDs lead small-sized organizations, with budgets ranging from $25,000 to $1.1 million.

This report profiles those Peel NPCO leaders and their organizations who responded to the survey. A number of key findings were identified in six areas of interest to NPCOs.

1. The ED Role – Enjoyment, Structure and Challenges
   - The ED work experience reflects the design of their role and that of their management team which varies according to the size and complexity of their organization.
   - Structure: the ED job is a demanding one with multiple responsibilities; few EDs have a senior management team to share the workload with and many feel stretched to fulfill all functions.
   - Burnout: almost 80% of EDs are experiencing some degree of burnout; approximately half do not feel they have the right work-life balance.
   - Satisfaction: EDs enjoy many aspects of their work and their role overall; approximately half are satisfied with their salary.

2. Performance Management
   - Performance evaluation is the cornerstone of performance management and improvement. An evaluation process gives boards an opportunity to reflect on and assess the leader’s performance; acknowledge and celebrate successes; and identify areas for improvement – i.e. professional development needs.
   - Performance reviews: approximately half of EDs surveyed did not have a performance review in the last year and for those who did, the majority found it useful.
   - Confidence: 90% of EDs expressed confidence in their ability to fulfill their role.

3. Professional Development
   - “Skilled management is the single most important determinant of organizational success” (Bridgespan, 2005). Despite the emphasis many organizations place on the value of continuous learning, professional development does not appear to be an on-going or comprehensive process for organizational leaders.
   - Development activities: EDs lack the time and resources to access the full range of professional development options; most utilize one-off events and peer learning opportunities.
   - Improving their skills: the top 3 areas that EDs recognize a need to improve in are: fundraising, financial analysis and planning, and advocacy/lobbying.
   - Mentoring: 66% of EDs are formally mentoring staff in their organization or an ED of another organization.
These findings suggest various opportunities for action by EDs, Boards, Funders and PLC. Having these leaders act on the findings individually and collectively will help shape a positive future for Peel’s NPCOs. How will you respond? How should PLC? We’d love to hear your thoughts - stay tuned for opportunities to continue the conversation.
Who’s Leading Non-profits in Peel Region 2013 ED Survey

Introduction
The Peel Leadership Centre (PLC) has been providing leadership development opportunities for leaders of non-profit and charitable organizations (NPCOs) operating in Peel region since 2005. PLC incorporated as a non-profit organization (NPO) in July of 2012. We recognize the critical role that civil society leaders – staff and board members – play in improving the quality of life for all those living in Peel. We surveyed Peel NPCO leaders in spring 2013 to help us better understand their profile and unique needs.

The Executive Director (ED) survey tool was adapted from one developed by CompassPoint USA and the Meyer Foundation. They have administered several iterations of the survey over the years and the results have generated valuable insights into emerging issues within the American non-profit sector. The PLC survey was distributed electronically to our database of Peel leaders (many of whose agencies are funded by the United Way Peel Region) who have participated in PLC programs. The survey invitation was also circulated through various NPCO network databases and promoted on PLC’s website as well as through social media. Consequently, we do not know how many leaders received the survey invitation.

New NPCOs are established on a regular basis, and so it is unclear how many are operating in Peel at any given time. In 2009, The Social Planning Council of Peel conducted an inventory of registered charities that identified 1253 organizations based on 2006 CRA data (see Appendix A – Related Resources). 58% of these organizations were religious charities, organizations that rarely employ an ED or equivalent. So excluding religious organizations, we estimate there may be approximately 600 NPCOs operating in Peel. Of these, 59 EDs completed the PLC survey; so the results may reflect the perspectives of approximately 10% of Peel NPCO leaders.

This report profiles those Peel NPCO leaders and their organizations who responded to the survey. The survey findings are related to six areas of interest to NPCOs:

1. The ED Role – Enjoyment, Structure and Challenges
2. Performance Management
3. Professional Development
4. Organizational Financial Health
5. Working With the Board
6. Succession Planning

These findings suggest opportunities for action by EDs, Boards, Funders and PLC, some of which are included in this report. We hope this is helpful to stakeholders who have an interest in the effectiveness of Peel’s NPCOs and encourage you to consider how you might respond.
Who Responded - The Executive Directors

59 Executive Directors (58 current) in Peel region completed the survey. 27% of these EDs identified as founders or co-founders of their organization. 60% of these leaders indicated their organization’s head office is located in Mississauga.

The majority of EDs were recruited internally: prior to becoming ED, 36% of respondents indicated they had served as a member of the board of the organization, while 25% had been a paid staff member of the organization. This may explain, in part, why only 25% received a formal orientation to their role when hired.

Peel region EDs bring a wealth of experience to their work:

- Prior to their current role, 37% of EDs had worked as the ED of another organization. 36% had past management-level experience in the public sector, while 32% had past management-level experience in the private sector. Only 20% had never worked as paid staff in the non-profit sector, prior to their current role.
- 44% of EDs have 6-19 years experience in their current role while more than half have been in their role 5 years or less. Of the latter, 32% have been in their current role 3-5 years while 22% of EDs have less than 2 years experience.
- Peel EDs are a well educated group: 46% have a Bachelors degree, and 49% have a Masters or higher level degree.

Almost all EDs indicated that their leadership style could be ‘very much’ (51%) or ‘somewhat’ (44%) characterized as ‘shared leadership’ (a leadership approach that is inclusive, collaborative, and shares leadership responsibilities with others throughout the organization). 80% thought the majority of their staff would agree that they have a shared leadership style. Although 34% of EDs said they don’t feel ‘at all’ isolated in their role, 37% reported feeling ‘a little’ isolated.

In addition to their formal leadership roles, most EDs play an active community leadership role: 53% are serving on a non-profit board. More than half indicated they have served on boards for 6-20+ years; only 4 EDs have never served on a non-profit board.

Note: 87 EDs who started, but only 59 completed the survey.
Who’s Leading Non-profits in Peel Region 2013 ED Survey

ED Demographics
Peel region EDs range in age from 26 to 81; with an average age of 54 years. 75% of respondents fall into the 46-65 age range. The gender profile of respondents is: female (63%); male (36%); transgender (2%). French or English is the first language for 80% of Peel EDs.

Peel region is becoming increasingly diverse and a slim majority of EDs indicated they were not born in Canada (51%). Despite many being born outside Canada, the majority of EDs described their race/ethnicity as white/Caucasian (58%). This ratio holds even if we focus on the 32 EDs who have been in their role 5 years or less. This may in part reflect the fact that a sizeable majority of white/Caucasian EDs have a long history (ranging from 6 to more than 20 years) working in the non-profit sector as staff or EDs or volunteering as a non-profit board member (see chart on previous page).
It appears there is some relationship between the ethnicity of EDs and the size of organization they lead. While 35% of White/Caucasian EDs lead organizations with budgets under $500K (Chart 1 below), 50% of EDs of all other ethnicities lead organizations with similar budgets (Chart 2 below). This might be an area to learn more about since budgets may also reflect the age of an organization as well as the sector an organization works in and availability of funding sources.
The Organizations

A sizeable majority of EDs lead small-sized organizations, with budgets ranging from $25,000 to $1.1 million. The average age of organizations in the survey is 25 years; ten organizations are less than 10 years of age while two have more than 100 years of history.

Not surprisingly, given the average age (25 years), 52% indicated their organization is at a “growing mature” stage of development; 22% are in “renewal”, and 17% are “adolescent”, or in the process of establishing themselves.

Not surprisingly, given the average age (25 years), 52% indicated their organization is at a “growing mature” stage of development; 22% are in “renewal”, and 17% are “adolescent”, or in the process of establishing themselves.
In terms of staff, 13 EDs indicated their organization has 1-5 full-time employees (FTEs), while five organizations have more than 100. Ten organizations have 0 FTEs. All organizations rely on volunteer support: 21 organizations have more than 100 volunteers; 12 have 51-100, and 8 have fewer than 5.

The top three activity areas organizations focus on include: human services work (42%), health/mental health (13%) and arts/culture (12%).
Who’s Leading Non-profits in Peel Region 2013 ED Survey

Findings

An analysis of the survey responses is themed according to six areas. Findings are presented and contextualized within broader non-profit sector trends and practices. The findings from two other non-profit leadership surveys – “Driving Change: A National Study of Canadian Nonprofit Executive Leaders” by The HR Council for the Nonprofit Sector (2012) and “Daring to Lead 2011 – A National Study of Nonprofit Executive Leadership” by Compasspoint USA and the Meyer Foundation (2011). Both surveys were completed by a large number of non-profit leaders (1251 in Canada, 3000 in USA) and so provide some additional context. See Appendix A for a list of other related resources referenced.

1. The ED Role – Enjoyment, Structure and Challenges

Many of the survey questions explored the ED’s workplace experience. The ED work experience reflects the design of their role and that of their management team which varies according to the size and complexity of their organization. All of the survey results shed some light on how role design and structure impact the challenges EDs face and the extent to which they do, or do not, enjoy their work.

KEY FINDINGS

• **Structure:** the ED job is a demanding one with multiple responsibilities; few EDs have a senior management team to share the workload with and many feel stretched to fulfill all functions.

• **Burnout:** almost 80% of EDs are experiencing some degree of burnout; approximately half do not feel they have the right work-life balance

• **Satisfaction:** EDs enjoy many aspects of their work and their role overall; approximately half are satisfied with their salary

The good news is that most EDs enjoy their role: on a 6-point scale (with 6 being ‘very much’), the average rating was 5.4. When asked how they feel, 39% said they are ‘very happy’ in their job, while 52% have more good days than bad. The two ‘most enjoyable’ aspects of their work include program design/development (73%) and external relations/networking (61%). This corresponds closely with the work that is most energizing for EDs: 49% of EDs identified program management and working with partners or collaborators (see chart below).

The two ‘least enjoyable’ aspects of their work include fundraising (66%) and finance (52%). This corresponds with areas that deplete EDs’ energy, such as financial management, human resources, working with government funders/contracting, technology and working with grant making foundations (see chart next page).
To what degree do the following aspects of the ED position energize (e.g. satisfy, rejuvenate) or deplete (e.g. frustrate, burnout) you?

- Working with partners or collaborators
- Working with board of directors
- Working with external partners
- Working with government funders / contracting
- Working with corporate sponsors / donors
- Working with grantmaking foundations
- Working with individual donors
- Managing direct reports (supervision)
- Public policy / advocacy
- Marketing / Communications
- Operations / Administration
- Financial Management
- Technology
- Human Resources
- Program Management

How burned out do you feel in your current position as ED?

- Not at all burned out: 22.0%
- A little burned out: 32.2%
- Somewhat burned out: 33.9%
- Very burned out: 11.9%
80% of survey respondents are working full time (note: this was defined as 40 hours/week); however the PLC survey did not ask EDs how many hours they typically work over and above this. The Canadian “Driving Change” survey (2012, pp. 33-34) found that the majority of EDs in the non-profit sector work long hours (35% work 45-50 hours; 17% work more than 50 hours), and as their hours increase their level of satisfaction declines and their level of stress increases significantly.

In terms of work-life balance, 51% of Peel EDs indicated they do not have the right work-life balance (10.2% were unsure). Female EDs were more likely (60%) to indicate they do not feel they have the work-life balance that is right for them while 52% of their male counterparts feel they do. For many, making work a priority means their personal life (i.e. friends, family, or hobbies) suffers.

Perhaps one of the most worrying findings is that almost 80% of EDs feel some degree of burnout in their current roles (see chart). About 30% of EDs with no senior management support reported feeling ‘somewhat burned out’ or ‘very burned out’. The HR Council survey found that ‘nearly half of Canadian EDs are experiencing levels of day-to-day stress that are excessive or approaching excessive’ (“Driving Change”, 2012, p. 30).

“The job of ED in a multi-service community agency, now I look back, is way too much for one person. I solved the enormity of what was expected by assigning financial management and program management to different members of staff. However, the ultimate responsibility can still be large.” - PLC Survey participant

Burnout may, in part, reflect organizational management structure. Small-sized non-profit organizations don’t often have multiple layers of management, so senior managers may have more than one area of responsibility. The program function is the only function for which 50% of the EDs surveyed have the support of a senior manager. For all other key functions (i.e. HR, fundraising, technology, finance, operations and administration, marketing/communications and public policy/advocacy), 37% or fewer indicated they have senior management roles dedicated to these areas (note: it is likely EDs have some middle management or other staff with expertise in these areas).
In the absence of senior management staff, EDs may assume responsibility for some of these functional areas. If EDs allocate more of their time to administrative and tactical work they have less time to spend on strategic and organization-wide matters. This may imply a greater expectation for board members to assume more responsibility in some areas, particularly fundraising and financial oversight.

“I need to be focussed on the key responsibilities that would benefit my organization - community networking and new program/organizational visioning. I am too buried in ‘administrivia’. As a small organization, so much of the HR, financial management and other administration rests on my shoulders.” - PLC Survey participant

It can be a challenge for EDs to effectively allocate their time and energy to different activities. About 25% of EDs think they have the balance about right in most areas; however 54% of EDs think they don’t spend enough time on marketing/communications/public relations. 48% think they don’t spend enough time on the areas of finance and public policy/advocacy. In contrast, 10% of EDs don’t spend any time on public policy/advocacy, and don’t think they need to (see chart).
The range of ED salaries (chart) reflects the range of organizational sizes and budgets (see page 5). 54% of EDs are ‘somewhat’ to ‘very’ satisfied with their current salary, while 17% are ‘not at all’ satisfied. One ED commented, “I’d like my salary to reflect the increased responsibilities I have”.

The “Driving Change” survey found that the sense of personal financial sacrifice felt by executive directors has a negative impact on retention (2012, p. 41). This, despite the fact that their survey did not find compensation to be a key motivator for taking on an ED role.

1. THE ED ROLE - SUGGESTED CALLS TO ACTION

For EDs
• In alignment with your shared leadership approach - consider which of your responsibilities and decisions might be delegated or shared to lighten your load
• Encourage your managers to engage in professional development opportunities to enhance their skills in specific areas and to strengthen the organization’s leadership capacity

For Boards
• Review/benchmark ED salaries against leaders in similar sectors and align your ED’s salary with market rates (see also Succession planning page 24);
• Increase the amount of organizational funds allocated to professional development (particularly for management staff)

For Funders
• Consider the role funders play in enabling non-profit sector leaders to be compensated at competitive rates commensurate with the scope of their jobs

For PLC
• Conduct a regional salary survey for boards to use as a benchmark
• Explore the learning needs of middle and senior managers in Peel

2. PERFORMANCE MANAGEMENT

In many non-profit governance models, the ED is the board’s only employee, and the board is charged with hiring, evaluating, and when necessary, terminating the ED. Many suggest this is one of the board’s most important jobs since leadership effectiveness is closely linked to organizational success. Performance evaluation is the cornerstone of performance management and improvement. An evaluation process gives boards an opportunity to reflect on and assess the leader’s performance; acknowledge and celebrate successes; and identify areas for improvement – i.e. professional development needs. It should inform compensation discussions.

KEY FINDINGS
• Performance reviews: approximately half of EDs surveyed did not have a performance review in the last year and for those who did, the majority found it useful
• Confidence: 90% of EDs expressed confidence in their ability to fulfill their role

Annual ED evaluations have become a widely accepted guideline to practice in the non-profit sector. BoardSource, a reputable research-driven organization in the field of non-profit governance in the US suggests conducting an annual evaluation is ‘a board responsibility’. Survey results indicate that many boards are not undertaking this important work that frequently. 51% of EDs surveyed did not have a performance review in the past year (the survey did not ask about the timing of their last evaluation); this was similar to the US findings in Dare to Lead (45%).

From the perspective of the 29 EDs who were evaluated, the process used ranged in value. 52% of them found it ‘very’ useful, 28% found it ‘a little’ useful, and 21% found it ‘not at all’ useful. In the “Driving Change” survey, about 50% of EDs indicated they were ‘somewhat unsatisfied’ with how their performance is monitored (2012, p. 25).

90% of all EDs expressed confidence in their ability to fulfill their roles. 64% of EDs think their boards would rate them as ‘exceeding expectations’, while 25% think they would be seen as ‘meeting expectations’.

More than 80% of EDs self-assessed themselves as ‘Very Effective’ across four leadership areas – see chart.
How effective do you feel in each of these areas?

- Leading self - Have sense of personal purpose, self awareness: 3.63
- Leading others inside my organization: 3.64
- Leading my organization - Can develop, communicate and manage: 3.64
- External leadership - can connect to and work with others: 3.37
2. PERFORMANCE MANAGEMENT - SUGGESTED CALLS TO ACTION

For EDs
• Co-design the ED evaluation process with your board to ensure it meets everyone’s needs
• Assist your board in scheduling and implementing the evaluation process

For Boards
• Conduct more frequent ED evaluations; define the schedule in board policy
• Design or re-design the process to maximize value for the ED and the board
• As part of the process, identify opportunities for professional development related to role requirements and organizational strategy; and include a plan to support these needs

For PLC
• Reinforce the value of performance management from the perspective of boards, leaders and organizations
• Identify and promote best practice standards, processes and tools

3. PROFESSIONAL DEVELOPMENT

“Skilled management is the single most important determinant of organizational success” (Bridgespan, 2005). In the “Driving Change” survey, nearly all board and ED respondents agreed that “leadership skills are the most fundamental attribute that nonprofit leaders should possess” (2012, p. 45).

KEY FINDINGS
• Development activities: EDs lack the time and resources to access the full range of professional development options; most utilize one-off events and peer learning opportunities
• Improving their skills: The top 3 areas that EDs recognize a need to improve in are: fundraising, financial analysis and planning, and advocacy/lobbying
• Mentoring: 66% of EDs are formally mentoring staff in their organization or an ED of another organization

Despite the emphasis many organizations place on the value of continuous learning, professional development does not appear to be an on-going or comprehensive process for organizational leaders who engage mainly in “one-off” events such as topical workshops and conferences (used by 80% of EDs). 61% of EDs who attended these rated them as ‘effective’ or ‘very effective’.

Which of the following professional development sources / activities have you utilized within the last year and how effective were they?

![Professional Development Effectiveness Chart]

- Executive Coaching
- Professional Associations
- Nonprofit Management Certificate/Degree Programs
- Topical workshops and conferences
- Leadership development
- Peer networks or peer groups
The second most popular development option is peer networks or peer groups (used by 75%). 63% of those who participated in peer networks or peer groups rated them as ‘very effective’ or ‘effective’. Professional associations were used by 49% of respondents although they were rated as ‘very’ or ‘somewhat’ ineffective by 45% of those who used them.

The popularity of these options may reflect, in part, the limited funding available for professional development. Only 8% of EDs reported receiving a grant or other form of financial support for their development in the last three years. The least utilized options are more costly and may involve a longer term commitment – i.e. executive coaching, non-profit management certificate/degree programs, and leadership development programs.

Informal knowledge exchange is important in a sector where there are limited funds available for professional development. EDs are stepping in to fill the gap: 51% of EDs are formally mentoring someone on their staff, while 15% are mentoring the ED of another organization. The value that leadership mentoring contributes to capacity building has not received much attention from researchers.

EDs identified three areas where improving their skills would benefit their organization most. There was no significant difference between areas identified by EDs who were recruited internally and those who were recruited externally. Fundraising topped the list in both cases, a finding echoed in the “Driving Change” survey, where EDs identified fundraising and development as their ‘most challenging’ task.

In the final open-ended survey question, EDs made a number of comments related to professional development. Three EDs noted they would like access to more professional development opportunities; another indicated they would like to discuss common issues with a peer group/network of EDs.

These findings align with PLC’s 2006 Needs Assessment which identified three barriers to participation: low annual professional development budgets ($0 - $500 per person) limited development options; lack of senior staff to cover key functions in the ED’s absence.

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**My organization would benefit most if I improved my skills in: (select two)**

<table>
<thead>
<tr>
<th>Skill</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Analysis and Planning</td>
<td>33.9%</td>
</tr>
<tr>
<td>Fundraising</td>
<td>45.8%</td>
</tr>
<tr>
<td>Working with the Board of Directors</td>
<td>10.2%</td>
</tr>
<tr>
<td>Advocacy / Lobbying</td>
<td>33.9%</td>
</tr>
<tr>
<td>Organizational Strategy / Vision</td>
<td>27.1%</td>
</tr>
<tr>
<td>Managing Staff</td>
<td>6.8%</td>
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<tr>
<td>Network / External Partnerships</td>
<td>22.0%</td>
</tr>
<tr>
<td>Public Speaking</td>
<td>15.3%</td>
</tr>
<tr>
<td>Writing</td>
<td>5.1%</td>
</tr>
</tbody>
</table>
3. PROFESSIONAL DEVELOPMENT - SUGGESTED CALLS TO ACTION

For EDs
- Pursue professional development in areas that will strengthen your skills to benefit your organization and community

For Boards
- Increase investment in professional development
- Provide more support in areas that your ED finds challenging
- Recruit board members with skill sets to support your ED

For Funders
- Invest in capacity building for leaders who need expertise in a wide range of areas
- Legitimize budget allocations for professional development

For PLC
- Continue to offer sessions for EDs on topics of interest
- Convene EDs to facilitate peer-to-peer knowledge exchange
- Design professional development offerings that are affordable and accessible to busy EDs

4. ORGANIZATIONAL FINANCIAL HEALTH

Many of the open-ended comments in the final survey question reflected EDs’ persistent concerns about financial sustainability. This is not a surprise in a funding climate that is increasingly competitive and where core funding is tough to come by. One ED noted their staff salaries have not kept pace with cost of living increases over the last 10 years. Another noted “I always feel the stress of operating from a poverty mindset”.

“The greatest struggle that I face is to ensure the organization’s financial sustainability”.  
- PLC Survey participant

KEY FINDINGS
- Funding diversity: 58% of organizations rely on government for more than half of their annual budget
- Budget cuts: these cuts, along with rising operational costs, have impacted organizations on multiple levels, mainly affecting staff (numbers, workload, morale)

One measure of financial sustainability is an organization’s reserve fund. Some, such as Grantspace, a US Foundation, suggest ‘a commonly used reserve goal is 3-6 months’ expenses’. Others indicate a wider range might be appropriate – from one payroll period to up to two years of operating expenses. Determining what is appropriate depends on a number of factors related to an organization’s income characteristics such as stability, reliability of timing, seasonality, etc. (see Barr 2009, De Mara 2012). 36% of organizations have two months or less in an operating reserve (12% of EDs didn’t know how much reserve they had) which implies many would struggle to cope with an unexpected reduction in funding.

Of the 21 organizations that have 3 months or more in their reserve, 29% have budgets between $100-500,000 (see chart). Although funders have for some time encouraged organizations to diversify their funding sources, 58% of EDs indicated government funding represents >50% of their annual budget (41% of these agencies have less than 2 months in reserve). At the other end of the spectrum, 15% of organizations rely on individual donations for >50% of their budget.

73% of EDs reported that their organization was negatively impacted financially by the recession. The survey did not explore how budgets today compare to pre-recession levels; however, 25% of EDs reported their current budget is larger than last year’s; while 54% indicated their budget was unchanged.

Comments from EDs reinforce that budget cuts and funding limitations have impacted their organizations on multiple levels. As operating costs have risen, budget reductions appear to have impacted staff most. This environment has translated into staff cut-backs (a number of EDs commented they need more staff support in different areas), frozen salaries, longer hours of work, increased stress on remaining staff (who don’t feel secure in their jobs), and corresponding declines in physical health and morale.
“...the demand for services is growing. To deliver services we need to retain passionate, professional and compassionate staff. So the struggle is to ensure the health and well being of my staff as well as to ensure that the clients are served in time with respect, care and dignity.” - PLC Survey participant

Most EDs reported they do not have a senior manager dedicated to fundraising or finance. This is a concern since fundraising and financial management are not areas that EDs feel highly skilled in, or enjoy. Although many boards are supporting EDs in these areas, a number of EDs indicated that they would like greater support in developing sustainable funding and fundraising.
4. FINANCIAL HEALTH - SUGGESTED CALLS TO ACTION

For EDs
• Develop your skills in finance and fundraising
• Build organizational capacity by encouraging and supporting interested staff to develop skills in these areas
• Use creative solutions to collaborate with other organizations to acquire financial or fundraising expertise

For Boards
• Provide more support in areas of finance and fundraising
• Allocate more funding to professional development - invest in developing the ED’s and/or other staff members’ capacity

For Funders
• Review the impact of project-based funding models
• Offer longer-term, multi-year grants that enhance financial and organizational stability

For PLC
• Host workshops on finance and fundraising targeted at EDs, staff and/or boards

5. WORKING WITH THE BOARD

The Board-ED relationship is an important and paradoxical one. EDs are accountable to their boards for results while they also have a role to play in educating and supporting their board’s efforts. 93% of respondents feel they can be transparent with their board, sharing mistakes without fear. While many boards govern at a strategic and policy level, they also have a role to play in supporting the ED by lending their expertise and accessing needed resources.

KEY FINDINGS
• Relationships: overall EDs have a positive relationship with their boards and a large majority are satisfied with the board’s performance
• Board support: most EDs are receiving support from the board in key areas, however 2/3 would like more support from the board in fundraising
• Time on board work: the majority of EDs spend 5-19 hours/month on board-related activities

EDs typically work most closely with the Board Chair, and so this relationship is particularly important. 59% of EDs rated their relationship as ‘functional’, 32% said it was ‘exceptional’, and 8.5% characterized it as ‘dysfunctional’.

A sizeable majority of EDs (81%) believe there is an ideal chair successor available on the board (note: EDs were not asked to comment on the board’s succession planning process).

Board members provide significant support to EDs in key areas such as financial oversight, strategic decision making and planning. They provide the least support in the area of fund development, an area EDs find challenging.
A large majority of EDs are ‘somewhat’ (48%) or ‘very’ satisfied (22%) - this rating is only slightly higher than respondents in “Daring to Lead”) with their board of directors’ performance; only 7% indicated they are ‘not at all’ satisfied.

The majority of EDs spend 5-19 hours/month on board-related activities. 59% think they spend just the right amount of time on board matters to meet organizational goals. 8.5% spend 30 or more hours/month on board work.

Although in the US, the time spent on board-related work was similar, those who spent more time experienced higher rates of satisfaction with their board’s performance. There was no substantive difference for Peel EDs between spending more or less time with their board and their level of satisfaction with their board’s performance.

Almost all Peel EDs (90%) are ‘somewhat’ or ‘very’ confident in their ability to influence or impact their board’s performance.

Some EDs commented that their board doesn’t understand its role and responsibilities (this is a persistent and widespread governance challenge). Most EDs see their boards as a resource and some indicated they would value additional support and guidance in different areas. 66% of EDs identified fundraising as the top area their board could strengthen to support them. In ‘Daring to Lead’ (2011, p. 8), less than half of US boards were contributing to various aspects of fundraising efforts – e.g. to donor identification, donor cultivation, and asking for donations. Other EDs identified strategic planning and community networking (related to fundraising) as areas in which they would like support.

Approximately how many hours do you spend per month on all board related activities? (eg. Meetings, recruitment, orientation, committees?)

- Less than 5 hours: 15.3%
- 5 - 10 hours: 37.3%
- 11 - 19 hours: 32.2%
- 20 - 29 hours: 6.8%
- 30 or more hours: 8.5%
5. WORKING WITH THE BOARD - SUGGESTED CALLS TO ACTION

For EDs
• Assist your board in understanding their roles and responsibilities (via orientation and ongoing board development)
• Ask your board for specific support as needed – encourage them to engage their networks

For Boards
• Ask your ED what kind of support s/he needs from the board and respond
• Provide periodic board orientation and development
• Ensure the board has access to appropriate skill sets aligned with the ED’s needs and organizational priorities

For PLC
• Offer board development opportunities
• Direct EDs and boards to quality board development resources

6. ED SUCCESSION PLANNING

“The mark of the great organization is succession planning. Organizations that engage in succession planning stay great and don’t slip back” - Jim Collins, “Good to Great and the Social Sectors”

Failure to prepare for a leadership transition, whether planned or unplanned, could put the long-term viability of an organization at risk. Organizations that want to make a smooth leadership transition need to dedicate significant time and energy to the complex process of preparing for, recruiting and hiring a new leader, particularly if that leader is not likely to be hired from within. While some EDs have identified capable individuals in their organization who could undertake their role, a formalized succession planning process is not in place in 73% of organizations (a finding that paralleled results in the “Driving Change” survey).

KEY FINDINGS
• Departure plans: the majority of EDs are planning to leave their roles within the next 1-4 years
• Succession plans: 73% of organizations do not have a formal process in place
• Future salaries: more than half of EDs think their organization will need to pay their successor more
A majority believe a credible internal candidate exists; however 86% of respondents stated that no successor has been explicitly identified.

71% of EDs are 'somewhat' or 'very' confident in their board’s ability to hire a suitable successor; only 12% are NOT confident.

Leaders depart for various reasons and the circumstances surrounding the departure of EDs’ predecessors provide some insights (52% of EDs indicated they had NO predecessor). Some leaders plan their departure and leave voluntarily, as was the case for 48% of EDs’ predecessors, while others were forced to resign or were terminated (17%).

"The grind of continually seeking new funds, the competitive nature of the nonprofit sector (which has become increasingly and often unpleasantly competitive in the time I have been ED) and the often challenging work to support my Board, as well as wanting to move on while my organization is healthy and thriving, informed my decision to move on from my role as ED.” - PLC Survey participant

58% of EDs think their organization will need to pay their successor a higher salary (see salary chart on page 10). The ´Driving Change’ survey found board members ´see the level of compensation they can offer as the biggest challenge to retaining EDs’ (2012, p. 17).

In Peel region, 56% of EDs anticipate leaving their role in the next 4 years; 37% are planning to leave within 2 years. The 2012 “Driving Change” survey found almost the same result (55% in next 4 years). Of the 32 Peel region EDs who have been in their role 5 years or less, 50% are considering leaving their position in the next 1-4 years; this despite the fact that 78% indicated they enjoy their job ‘very much’ or ‘a lot’, and 50% of these EDs are very happy in their job and feel they have an appropriate work-life balance. 12% of EDs indicated they have given notice, while an additional 10% are actively considering leaving but have not yet done so.

This represents a substantial ‘changing of the leadership guard’ and potentially a loss of sector knowledge and expertise. EDs were almost evenly split in terms of how likely (39%) or unlikely (42%) they would be to take on another ED position in future. Looking at the 27 EDs with longer tenure (6 or more years in their current role), 52% indicated they were “not likely at all” to take another ED position. Of the 32 newer EDs, only 25% of EDs said the same.

In thinking about their departure, 64% of EDs reported being concerned more about their organization’s well-being post departure, than their own personal well-being. 66% of EDs indicated they have not delayed their decision to depart. Of those who indicated they have delayed their departure, 17% cited lack of/loss in personal retirement savings/investments, or losses of agency funding; 15% indicated they don’t think a suitable replacement is available. Of EDs with longer tenure (6 or more years in their current role), 52% have delayed their decision (33% of those because of a lack of/loss in personal retirement savings/investments, 26% because of a lack of agency funding).

6. SUCCESSION PLANNING - SUGGESTED CALLS TO ACTION

For EDs
• Give the board sufficient lead-time to plan for your departure
• Work with your board to develop a succession policy and plan that prepares the organization to deal with an unplanned or planned vacancy

For Boards
• Work with your ED to develop a succession policy and plan
• Structure your ED compensation package so s/he can retire with financial security
• Work with incoming EDs to co-design their role and facilitate a smooth transition; identify other retention strategies

For PLC
• Develop guidelines and tools for succession planning
• Explore why newer EDs are leaving and where they plan to go
• Investigate what the next generation of leaders really want/need to thrive in their roles
• Consider ways to engage retiring EDs as mentors for EDs new to the role
Who’s Leading Non-profits in Peel Region 2013 ED Survey

CONCLUSION
This survey provides a glimpse into the career path and work experience of 59 Peel region non-profit sector EDs. Most lead small organizations and can be characterized as ‘renaissance’ leaders, who fill multiple roles in their organization and community. While most EDs enjoy their jobs, many also find it taxing; less than half have a satisfactory work-life balance.

Although most Peel region EDs are well-educated, many leaders acknowledged their organization would benefit if they strengthened their skills in areas such as finance and fundraising. Both these areas are closely linked to organizational health and sustainability – an ongoing concern for many EDs. Investing in EDs’ (and other managers’) professional development would likely pay dividends to the organization on multiple levels and alleviate some of the stress that EDs experience. For too many years there has been limited investment in professional development.

Although there are more recent EDs leading NPCOs, many of Peel’s highly experienced EDs are aging. The average age of EDs is 54 years and many of these leaders indicated they will be leaving their role in the next 4 years. This suggests there will be significant turnover in the sector and an influx of younger leaders. Demographic studies suggest leaders from younger generations expect different things from their work; this has implications for the design of the ED role.

Experience tells us that preparation is the key to smooth leadership transitions, yet few organizations have succession plans in place. There is a risk that boards will be left scrambling when it comes time to recruit. This is an area that boards should turn their attention to if they haven’t already.

The expectations of non-profit boards seem to grow each year in parallel with increased demands for accountability. Many boards have risen to the challenge and many EDs recognize and appreciate the contributions their boards make. Survey respondents made a clear request for boards to increase their support in fundraising and other organizational functions.

Financial sustainability remains an ongoing concern for EDs as it affects their organizations on many levels. This reflects longer-term trends in funding where funding is predominantly short-term and project-based; core funding is increasingly scarce.

This survey and its findings represent an important step in PLC’s leadership development work. Although the survey sample size was limited, it begins to define the profile and needs of Peel’s non-profit sector leadership. PLC’s future initiatives related to research and professional development will be well informed by the information collected through this survey.

The survey highlights many of the challenges EDs face in leading Peel’s non-profit and charitable organizations. The findings suggest calls to action for four major actors in Peel: EDs, boards and funders and PLC. Having these leaders act on the findings individually and collectively will help shape a positive future for Peel’s NPCOs. How will you respond? How should PLC? We’d love to hear your thoughts – stay tuned for opportunities to continue the conversation.
APPENDIX A: RELATED RESOURCES

The following resources provide were referenced in this report. Some provided interesting comparative data used to contextualize the findings from the Peel Survey.


This document is available for download here: http://www.peelleadershipcentre.org/resources/2013-ed-survey/

The Peel Leadership Centre wishes to thank all of the dedicated Executive Directors who took the time to participate in our survey. Your input contributes to the legacy of building a stronger non-profit sector in Peel Region.

The Peel Leadership Centre (PLC) is a non-profit organization, whose mission is to cultivate, enhance and support leadership and capacity of the non-profit sector in Peel.

The mandate of the PLC is to provide and facilitate learning opportunities for non-profit leaders and organizations, through programs, services, resources and events that are local, formal and encourage community engagement.

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