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**Acknowledgements**

Peel Leadership Centre (PLC) wishes to thank all of the Executive Directors who participated in the survey, and everyone who shared this survey with their networks. Your participation helps build a stronger non-profit sector in Peel.

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Prepared by:
Sandi Trillo
Ruth R. Armstrong, MBA

www.vision-management.ca
Executive Summary

The Peel Leadership Centre (PLC) has been providing leadership development and capacity building opportunities for leaders of non-profit and charitable organizations (NPCOs) in Peel region since 2005. PLC recognizes the critical role that civil society leaders – staff and board members – play in improving the quality of life for all those living in Peel. PLC first surveyed Peel NPCO leaders in spring 2013 to help us better understand their profile and unique needs. We surveyed leaders again in the fall of 2015 to see what has changed and to identify emerging issues. The survey was updated based on insights from 2013, however many questions were repeated to allow for comparison.

Our Executive Director (ED) survey tool was adapted from a survey developed by CompassPoint USA and the Meyer Foundation. In 2015, 44 Executive Directors in Peel region completed the survey; we estimate this may represent less than 10% of the EDs in the region. As was the case in 2013, 60% of these leaders indicated their organization’s head office is located in Mississauga; 57.5% of EDs lead small-sized organizations, with budgets ranging from $25,000 to $1.1 million. The ethnic profile of the EDs who responded is less diverse than in 2013, with a growing portion of leaders identifying themselves as white/Caucasian, in contrast with Peel’s increasing diversity.

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 – Experience, Structure and Challenges

Although satisfaction levels remain relatively high among current EDs, the findings suggest that this leadership role, in its current form, is contributing to burnout and is likely less than compelling to next generation leaders.

Structure: the multidimensional ED job remains demanding; many organizations lack skilled staff with responsibility for core functional areas. Extensive internal demands may make it difficult for EDs to engage externally in collaboration and systems work.

Burnout: the demands of this role appear to be taking a greater toll on leaders. 92% of EDs reported they feel some degree of burnout and 62% do not feel they have the right work-life balance.

Isolation: leaders' sense of isolation is increasing: 78% reported feeling ‘a little’ or ‘somewhat’ isolated, while 12% feel ‘very’ isolated.

Satisfaction: despite heavy workloads and long hours, 91% of EDs enjoy many aspects of their work and their role overall. Salary ranges have increased compared to 2013 and three-quarters (up from just over half) of EDs reported they are satisfied with their compensation packages.
2. Performance Management

Evaluation remains the foundation of performance management and improvement. A well-designed ED evaluation process engages boards and their leaders in a shared process of reflection on past performance; recognition - including successes and accomplishments; and, projection - to ensure the leader has or develops the skills needed to implement organizational strategy.

Performance reviews: 83% of EDs reported their performance had been evaluated in the last two years. Of those who were evaluated in the last year, 83%, reported the process was somewhat useful.

Confidence: 93% of EDs expressed confidence in their ability to fulfill their role.

3. Professional Development

Although the private sector considers the allocation of funding to leaders’ professional development a sound investment, traditionally, many non-profit organizations have struggled to access and allocate resources to leadership development. The 2015 findings suggest an appetite for learning endures and some welcome funding shifts are underway.

Development activities: one third of EDs received a grant or other assistance to develop and support them in their ED role. As in 2013, EDs identified topical workshops and conferences and peer networks as the most effective professional development activities.

Improving their skills: the top 3 skill areas that EDs identified as benefiting their organizations through improvement are unchanged from 2013: fundraising, financial analysis and planning, and advocacy/lobbying.

Mentoring: 28% of EDs are being mentored by others. Mentoring appears to be a widespread professional development approach within organizations: 77% of EDs are formally mentoring staff in their organization, or an ED or staff member of another organization.

4. Organizational Financial Health

As in 2013, many of the open-ended comments in the final survey question reflected EDs’ ongoing concerns about adequate, sustainable funding. This is not a surprise in a funding environment that remains competitive with core funding scarce.

Reliance on government funding: 68% (up from 58%) of organizations rely on government for more than half of their annual budget.

Budget increases: although some expressed concern about financial stability, and budget freezes/cuts, 45% of EDs reported their budgets increased in the last year.
**Funding shifts:** recent changes in funder priorities and/or eligibility criteria have negatively impacted the financial health and stability of their organization according to a majority of EDs; however 28% reported these changes have had a minor or significant positive impact.

5. **Working with the Board**

A growing recognition of the mutual accountability, support and synergy by the board and ED is leading some to adopt a shared leadership approach. EDs’ experience supporting their boards and serving on the boards of other NPCOs makes EDs a valuable governance resource, EDs can help boards stay abreast of and adopt governance best practices.

**Relationships:** overall EDs have a positive relationship with their boards and board chairs. Despite this, only 67% of Peel EDs are ‘somewhat’ or ‘very’ confident in their ability to influence or impact their board’s performance.

**Board performance:** 72% of EDs are ‘somewhat’ to ‘very’ satisfied with their board’s performance.

**Board support:** most EDs are receiving support from the board in key areas, however when asked to identify one area, 49% (down from 66% in 2013) noted they would like more support from the board in fundraising.

6. **Succession Planning**

Significant turnover of Peel EDs is on the horizon, yet few organizations appear well prepared. Although succession planning is widely seen as “a good idea”, organizations rarely prioritize this work until their leader gives notice.

**Departure plans:** although 62% of EDs are planning to leave their roles within the next 4 years (31% within the next 2), only 10% of EDs have notified their board of their intention to leave.

**Succession plans:** only 26% (down slightly from 27% in 2013) of organizations have a documented succession plan in place for the ED position.

**Future salaries:** 62% of EDs think their organization will need to pay more to attract a successor.

These findings suggest various opportunities for action by EDs, boards, funders and PLC. On page 30, a summary of suggested calls to actions by each group is outlined. Having leaders act on the findings individually and collectively will help create conditions for Peel’s NPCOs to thrive and increase their impact. How will you respond? How should PLC respond? We would love to hear your thoughts. Stay tuned for opportunities to continue this conversation.
1. The ED Role – Experience, Structure and Challenges

Structure: many organizations lack skilled staff with responsibility for core functional areas.
Burnout: 92% of EDs reported they feel some degree of burnout.
Isolation: 78% reported feeling 'a little' or 'somewhat' isolated, while 12% feel 'very' isolated.
Satisfaction: 91% of EDs enjoy many aspects of their work and their role overall.

2. Performance Management

Of those who were evaluated in the last year, 83%, reported the process was somewhat useful.

93% of EDs expressed confidence in their ability to fulfill their role.

3. Professional Development

Development activities: EDs identified topical workshops and conferences and peer networks as the most effective professional development activities.
Improving their skills: the top 3 skill areas that EDs identified as benefiting their organizations through improvement are unchanged from 2013.
Mentoring: 28% of EDs are being mentored by others. Mentoring appears to be a widespread professional development approach within organizations.
4. Organizational Financial Health

- **Budget increases:** 45% of EDs reported their budgets increased in the last year.
- **Funding shifts:** changes in funder priorities impacted the financial health and stability of their organization.

68% (up from 58%) of organizations rely on government for more than half of their annual budget.

5. Working with the Board

- **Board performance:** 72% of Edwards are 'somewhat' to 'very' satisfied with their board’s performance.
- **Relationships:** 67% of Peel EDs are 'somewhat' or 'very' confident in their ability to influence their board’s performance.
- **Board support:** 49% (down from 66% in 2013) noted they would like more support from the board in fundraising.

6. Succession Planning

- **Departure plans**
  - 62% of EDs are planning to leave their roles within the next 4 years, only 10% of EDs have notified their board of their intention to leave.

- **Succession plans**
  - only 26% of organizations have a documented succession plan in place for the ED position.

- **Future salaries**
  - 62% of EDs think their organization will need to pay more to attract a successor.
Introduction

The Peel Leadership Centre (PLC) has been providing leadership development and capacity building opportunities for leaders of non-profit and charitable organizations (NPCOs) operating in Peel region since 2005. PLC recognizes the critical role that civil society leaders – staff and board members – play in improving the quality of life for all those living in Peel. PLC first surveyed Peel NPCO leaders in spring 2013 to help us better understand their profile and unique needs. We surveyed leaders again in the fall of 2015 to explore the changing realities EDs are facing and to identify emerging issues. The survey was updated based on insights from 2013, and many questions were repeated to allow for comparison.

The Executive Director (ED) survey tool was adapted from one developed by CompasPoint 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 Peel leaders (many of whose agencies are funded by the United Way Peel Region and the Region of Peel) 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. Excluding religious organizations, we estimate there may be ~600 NPCOs operating in Peel; of these, 44 EDs completed the PLC survey, so the results may reflect the perspectives of less than 10% of Peel NPCO leaders.

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

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

The observations reflect some of PLC’s responses to the findings and we would be interested to hear yours. Some findings raise questions while others suggest opportunities for action by EDs, Boards, Funders and PLC. Having leaders act on the findings individually and collectively will help create conditions for Peel’s NPCOs to thrive and increase their impact. How will you respond? How should PLC? We’d love to hear your thoughts – stay tuned for opportunities to continue the conversation.
Who Responded
The Executive Directors

44 Executive Directors in Peel region completed the survey, a smaller sample size compared to 2013. Only 9% (down from 27% in 2013) of these EDs identified as founders or co-founders of their organization. This may indicate that some founders left in the last two years, something that could be expected based on 2013 responses; 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, 20% (down from 36% in 2013) of respondents indicated they had served as a member of the board of the organization, while 48% (up from 25%) had been a paid staff member of the organization. This may explain, in part, why only 36% received a formal orientation to their role when hired.

Peel region EDs bring a wealth of experience to their work (see chart below):

- Prior to their current role, 32% (down from 37%) of EDs had worked as the ED of another organization. Only 5% (down from 20%) had never worked as paid staff in the non-profit sector, prior to their current role. Nearly half, 41% (up from 36%) had past management-level experience in the public sector, while 52% (up from 32%) had past management-level experience in the private sector. This increase suggests more organizations are valuing private sector experience when recruiting new leaders. It would be interesting to better understand which aspects of leading a non-profit sector organization appeal to those from the private sector.

- 43% of EDs have 6-19 years’ experience in their current role while just over half have been in their role 5 years or less. 20% have been in their current role 3-5 years, while 32% (up from 22%) of all EDs have less than 2 years’ experience.

- Peel EDs are a well-educated group: 42% have a Bachelor’s degree, and 42% have a Master’s or higher level degree.

Throughout your entire career and including your current position, how many total years have you:

- Served as a non-profit ED (including your current position)?
- Served on a non-profit board of directors?
- Worked as paid staff within non-profit sector?

Never | 1yr–2yrs | 3yrs–2yrs | 6yrs–2yrs | 12–19yrs | +20yrs
The survey also showed that 90% of EDs (down from 95% in 2013) indicated that their leadership style could be ‘very much’ or ‘somewhat’ characterized as ‘shared leadership’ (a leadership approach that is inclusive, collaborative, and shares leadership responsibilities with others throughout the organization). 82% thought the majority of their staff would agree that they have a shared leadership style.

In addition to their formal leadership roles, EDs continue to play active community leadership roles with 45% (down from 53% in 2013) serving on a non-profit board. More than half indicated they have served on boards for 6-20+ years, while only 2 EDs have never served on a non-profit board.

**ED Demographics**

Peel region EDs range in age from 29 to 68; with an average age of 51 years (down from 54 in 2013). 74% of respondents fall into the 46-65 age range. The gender profile of respondents is: 55% female (down from 63%); 45% male (up from 36%); none identified as transgender (down from 2%). French or English is the first language for 87% (up from 80%) of Peel EDs.

Although Peel region is becoming increasingly diverse and is home to many newcomers the majority of EDs indicated they were born in Canada (74%, up from 51% in 2013). A large majority of EDs described their race/ethnicity as white/Caucasian (74%, up from 58%) and there was less diversity in race/ethnicity compared to 2013. If we focus on the 19 more recently hired EDs who have been in their role 5 years or less, 79% identified as white/Caucasian.
Responses to this question raise more questions than answers. How might we explain these numbers, considering that many NPCOs espouse values of recruiting staff and board members that reflect the communities they serve? All in the region might want to explore why this is happening, and whether this hints at a hiring trend or is merely a reflection of those who found the time to complete the survey. We might consider some of the following questions:

- Do white/Caucasian leaders leading larger, better staffed organizations have more time and willingness to complete surveys?
- Are non-profit staff members with an ethnic background for some reason less attracted to today’s non-profit leadership roles?
- Are individuals with an ethnic background less able to fulfill the expectations of more mature organizations and boards that are becoming more demanding in their expectations of leadership applicants (e.g. about education, experience, networks, etc.)?
- Are boards undervaluing diversity at the leadership level?

Again in 2015 it appears there is some relationship between the ethnicity of EDs and the size of organization they lead. While only 25% (down from 35% in 2013) of White/Caucasian EDs lead organizations with budgets under $500K (Chart 1 below), 50% (unchanged from 2013) 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 reflect the age of an organization, the sector an organization works in, and/or the availability of funding sources.

**The Organizations**

97% of the EDs that completed the 2015 survey lead organizations with budgets over $100,000; by
comparison, in 2013, 24% managed budgets below that level. Of the 2015 EDs, only 3% (down from 9% in 2013) lead an organization with a budget of less than $25,000. The average age of the 2015 organizations is 33 years; two have more than 100 years of history while four organizations are less than 10 years old.

Not surprisingly, given the average age of organizations, 58% indicated their organization is at a “growing mature” stage of development; while 30% are in “renewal” (up from 22%); and 8% are “adolescent” (down from 17%), or in the process of establishing themselves. One ED offered an alternative perspective on stability, noting that multiple years of funding cuts have left the organization in a position of “trying to sustain, rather than grow programs”.

New start-ups may struggle to access funding in an environment where many traditional funders expect a lot from those they fund; donors too are becoming more sophisticated and increasingly seek out organizations with a solid track record. Although funding for new ideas has always been a challenge, some funders may actively discourage the formation of new organizations in an environment that discourages service duplication. Although demands for services and support continue to grow, funders may look to more established organizations to meet those demands. Such funding practices may dampen innovation, and it is unclear whether mature organizations are prepared and positioned to foster the innovation needed to fill the gap.

In terms of staff, 14 EDs indicated their organization has 1-5 full-time employees (FTEs), while 2 organizations have more than 100. Only one organization operates with no FTEs. All organizations rely on volunteer support: 13 organizations have more than 100 volunteers while 5 have 51-100, and 4 have fewer than 5.

The top four activity areas organizations focus on are: human services (50%), health/mental health (13%), community and economic development (8%) and mental health and addictions (8%). The diversity of activity areas identified by EDs was less than in 2013 where EDs identified sectors such as arts/culture, sports, religious/spiritual, and animal welfare. In 2015, examples of ‘other’ included youth, prison ministry, law and empowerment.
What is the primary activity of the non-profit organization of which you are the ED?

- Human Services (non health): 50%
- Health: 18%
- Mental Health & Addictions: 13%
- Environment: 8%
- Education: 3%
- Community/Economic Development: 3%
- Other (please specify): 8%
Findings, Observations and Suggested Calls to Action

Survey response findings are themed according to six areas. Findings are presented and contextualized within broader non-profit sector trends and practices. We have included some observations and questions for readers’ consideration. 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 provide additional context. Appendix A contains a list of other related resources.

Each area identifies a number of Suggested Calls to Action by actor – i.e., EDs, Boards, Funders and PLC. We appreciate that Peel region EDs, boards and organizations are all at different stages of development, and so all the identified actions will not be relevant. We offer them in the hope they may be useful in stimulating a discussion around what your organizational priorities are and that they might prompt other ideas about how to respond to the findings.

1. The ED Role – Experience, Structure and Challenges

Many survey questions explored the ED’s experience in the workplace, as well as the structure and challenges related to the ED role. As the demands of the role continue to grow, in parallel with funder and board expectations, levels of burnout are on the rise. Although satisfaction levels remain relatively high among current EDs, the findings suggest that the leadership role, in its current form, may be less than compelling to next generation leaders.

KEY FINDINGS

Structure: the multidimensional ED job remains demanding; many organizations lack skilled staff with responsibility for core functional areas. Extensive internal demands may make it difficult for EDs to engage externally in collaboration and systems work.

Burnout: the demands of this role appear to be taking a toll on leaders. 92% (up from 80% in 2013) of EDs reported they feel some degree of burnout with 16.7% (up from 12%) feeling “very burned out”. 62% (up from 51%) do not feel they have the right work-life balance.

Isolation: leaders’ sense of isolation is increasing: 78% reported feeling ‘a little’ or ‘somewhat’ isolated, while 12% feel ‘very isolated’.

Satisfaction: despite heavy workloads and long hours, 49% “really enjoy their job”, while another 42% “have more good days than bad”. Salary ranges have increased compared to 2013 and three-quarters (up from just over half) of EDs reported they are satisfied with their compensation packages.
Most EDs enjoy their role: When asked how they feel, 49% (up from 39% in 2013) said they ‘really enjoy’ their job, while 41% (down from 52%) have more good days than bad. When asked about the work that is most energizing for EDs: 95% (up from 81%) of EDs identified work with external partners; 90% identified working with partners/collaborators; and 86% identified program management (see chart below).

The ‘most depleting’ aspects of their work include technology, financial management, human resources, and operations/administration (see chart below).

To what degree do the following aspects of the ED position energize (e.g. satisfy, rejuvenate) or deplete (e.g. frustrate, stress) you?
NPCO leaders in Peel region work long hours. 59% are working 51+ hours per week, while only 8% of respondents are working less than 40 hours per week (see chart below). This far exceeds the findings in the 2012 Canadian “Driving Change” survey (pp. 33-34) that found 17% of EDs work more than 50 hours. That study also found that as hours increase levels of satisfaction decline and stress levels increase significantly.

From the perspective of work-life balance, the ED experience is deteriorating, rather than improving: 62% (up from 51%) of Peel EDs indicated they do not have the right work-life balance (10% were unsure). Interestingly 65% of male EDs and 57% of females indicated they do not feel they have the work-life balance that is right for them. This represents a gender flip from 2013 responses when 60% of women and 51% of men indicated they did not have the right work-life balance. For many, making work a priority means their personal life (i.e. friends, family, hobbies) suffers.

As one ED noted, “the [lack of] work/life balance is what makes me consider leaving this type of work.” Three respondents identified a need for more administrative support and another three commented on the lack of time to focus on higher level leadership and external partnerships/advocacy, and to connect with others to avoid reinventing the wheel. Boards might want to find ways to address this imbalance sooner than later, in the interest of retention and in anticipation of recruiting leaders from a generation that places significant value on balance.

Another concerning finding is that leaders’ sense of isolation is increasing: 78% reported feeling ‘a little’ or ‘somewhat’ isolated, while 12% (up from 7%) feel ‘very isolated’. At a time when leaders are being asked to engage as part of interconnected systems and to collaborate with external partners and communities, this growing sense of isolation suggests some aspects of the ED role inhibit their ability to do so. This might be a reflection of various factors such as heavy workloads, diverse internal demands, and less involvement on the boards of other NPCOs.
Another worrying finding in 2015 is that a growing number of EDs—93% (up from 80% in 2013)—feel some degree of burnout in their current roles (see chart). 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). This is a concern when chronic stress has been linked to physical and emotional health issues.

It would be wonderful if we could get good, reliable core funding to hire much-needed specialized staff

Burnout may be due in part to, or be caused by, organizational management structure. Small-sized non-profit organizations tend to be less hierarchical with staff responsible for multiple areas. With the exception of a few areas (i.e. programs, volunteer management, finance, operations and administration, and technology), more than 50% of organizations lack staff with primary responsibility for a range of functional areas (see chart below). In addition more than 10% of organizations ‘don’t have’ three key functions: public policy/advocacy, fundraising and risk management. These are areas where the board’s energy and expertise might be valuable.

A number of EDs commented on the need for more staff and for skilled staff. As one ED noted, “It would be wonderful if we could get good, reliable core funding to hire much-needed specialized staff”.

Not at all burned out 7%
A little burned out 45%
Somewhat burned out 31%
Very burned out 17%
Organizational capacity limitations likely contribute to EDs’ feelings of imbalance, isolation, and burnout. As noted in 2013, when EDs assume responsibility for a wide range of areas, it detracts from their ability to focus on and respond effectively to strategic and systemic issues.

While I believe that the Board may have to pay more for a qualified successor, I think their bigger task is to ‘fix’ the workload balance for this position.
—Peel Leader

Organizational capacity limitations likely contribute to EDs’ feelings of imbalance, isolation, and burnout. As noted in 2013, when EDs assume responsibility for a wide range of areas, it detracts from their ability to focus on and respond effectively to strategic and systemic issues.
It continues to be a challenge for EDs to effectively allocate their time and energy across functional areas. More than half (up from 25%) of EDs think they have the balance about right in a number of areas; however 62% (up from 54%) of EDs think they don’t spend enough time on marketing/communications/public relations and public policy/advocacy (up from 48%); and, 55% don’t think they spend enough time on fundraising. An additional 14% of EDs don’t spend any time on public policy/advocacy, and don’t think they need to (see chart). This might be worth re-thinking given that research indicates high-impact non-profit organizations engage in and integrate service delivery and advocacy (Crutchfield & McLeod-Grant, Forces for Good).

Please choose the statement that most closely describes how you feel about the amount of time you currently spend in each of these areas:

- I spend the right amount of time in this area
- I do not spend enough time in this area
- I spend more time than is ideal in this area
- I do not spend any time on this, nor do I need to
What is your current annual salary (excluding benefits and other non-monetary compensation)?

Higher satisfaction rates with compensation packages likely reflects the fact that these EDs are better compensated. 77% (up from 54%) of EDs are ‘somewhat’ to ‘very’ satisfied with their total compensation package (including benefits), while 13% (down from 17%) are ‘not at all’ satisfied. And while financial compensation may not be the biggest motivator, one leader noted, “I think fair compensation would make the job much more attractive”.

1. THE ED ROLE - SUGGESTED CALLS TO ACTION

For EDs

• Develop strategies to improve your work-life balance. Taking time off not only sets an example for staff, it gives others an opportunity to assume leadership in your absence.

• In the interest of organizational resilience and your workload, encourage and support emerging leaders to develop skills in key areas. Once they have, delegate some of your responsibilities and decisions to them.

• Expand your support network to include mentors and peers (e.g. engage in communities of practice) to reduce your sense of isolation.

For Boards

• Find ways to restructure the ED role to improve work-life balance and ensure your ED takes his/her vacation.

• Encourage and support your ED to spend time outside the organization, and engage in peer networks to increase access to support and reduce isolation.

• Recruit board or committee members with skills the organization lacks and/or use your networks to access external support.

For Funders

• Assess whether leaders of the organizations you fund are compensated at competitive rates commensurate with the scope of their jobs.

For PLC

• Research how ED roles are being restructured in Peel and other jurisdictions.

• Host an intergenerational forum to explore how to constructively evolve the ED role.
2. Performance Management

Many have argued the board’s most important job relates to the recruitment, hiring, and evaluation of the ED. Evaluation is the foundation of performance management and improvement, and if things are going badly, for making termination decisions. The 2015 findings suggest ED evaluation is an area that boards could improve in.

Boards can begin by clarifying expectations and the process for performance management with a new ED, while updating the process periodically in consultation with EDs who have been in place for some time. A well-designed ED evaluation process engages boards and their leaders in a shared process of reflection on past performance; recognition of successes and accomplishments; and, projection – to ensure the leader has or develops the skills needed to implement organizational strategy.

KEY FINDINGS

Structure: Performance reviews: 83% of EDs reported their performance had been evaluated in the last two years (63% in the last year, up from less than 51% in 2013). Of those who were evaluated in the last year, 83%, reported the process was somewhat useful.

Confidence: 93% of EDs expressed confidence in their ability to fulfill their role.

Conducting an annual ED evaluation is widely accepted as best practice in today’s non-profit sector. The 2015 findings suggest evaluation is largely a good news story. Survey results indicate that boards are undertaking this important work more frequently: 63% (up from 51%) of EDs surveyed had a performance review in the past year, with an additional 20% reporting they were evaluated in the last two years. One leader commented on some of the underlying value of the evaluation process, “Having a board of directors who have recognized and rewarded my performance has made me feel valued and motivated”.

From the perspective of the 31 EDs who were evaluated in the last year, the process ranged in value. 35% (down from 52%) of them found the process ‘very’ useful; 48% (up from 28%) found it ‘a little’ useful; while 16% found it ‘not at all’ useful. These responses suggest that although more evaluations are taking place, there is room for improvement in terms of the processes used. It appears more boards are assuming responsibility for evaluation, however this may be a new process for some boards. It is unclear if the lower usefulness ratings reflect a lack of skill on the part of boards, or an unwillingness to invest sufficient time, energy and resources in the process.

“Having a board of directors who have recognized and rewarded my performance has made me feel valued and motivated.”
In terms of confidence, 93% of all EDs expressed confidence in their ability to fulfill their roles; 72% (up from 64%) of EDs think their boards would rate them as ‘exceeding expectations’, while 22% (down from 25%) think they would be seen as ‘meeting expectations’.

Approximately half of EDs assessed themselves as ‘Very Effective’ across four leadership areas (see chart below). External leadership received the lowest rating of effectiveness, although this may in part be a reflection of the lack of time that EDs feel able to dedicate to this work.

**How effective do you feel in each of these areas?**

- Leading self
- Leading others
- Leading my organization
- External Leadership

2. **Performance Management - Suggested Calls to Action**

**For EDs**
- Reflect on your recent evaluation experience and ask your peers about theirs. Engage your board in a discussion about possible improvements.
- Assist your board in scheduling and implementing the process.

**For Boards**
- Reflect on the ED evaluation process with your ED and determine how it might be improved from each of your perspectives.
- As part of the evaluation process, identify objectives for professional development related to the ED role and organizational strategy; and outline a plan to support these.

**For PLC**
- Inform boards about best and promising practices in ED evaluation by posting tools and other resources (e.g. articles, case studies) on the PLC website.
- Work more closely with organizations to support the implementation of leading evaluation processes.
Although the private sector considers the allocation of funding to leaders’ professional development a sound investment, traditionally many non-profit organizations have struggled to access and allocate resources to leadership development. Beyond enhancing organizational capacity, researchers have linked professional development opportunities to the retention of talent, something that should be of interest to non-profit organizations that find it challenging to retain and attract skilled staff. The 2015 findings suggest an appetite for learning endures and some welcome funding shifts are underway.

KEY FINDINGS

Development activities: one third of EDs received a grant or other assistance to develop/support them in their ED role. As in 2013, EDs identified topical workshops and conferences, and peer networks as the most effective professional development activities.

Improving their skills: the top 3 skill areas that EDs identified as benefiting their organizations through improvement are unchanged from 2013: fundraising, financial analysis and planning, and advocacy/lobbying.

Mentoring: 28% of EDs are being mentored by others. Mentoring appears to be a widespread professional development approach within organizations: 77% of EDs are formally mentoring staff in their organization, or an ED or staff member from another organization.

One professional development good news story in 2015 is that 34% (up from 8% in 2013) of EDs reported receiving a grant or other form of financial support to support their development in the last three years. This aligns with increased participation in the following development options: participation in professional associations rose by 8%, executive coaching by 7%, and leadership development programs by 5% (see chart below). There was a very minor decrease in participation rates in nonprofit management certificate/degree programs.

Continuous learning opportunities related to the challenges of leading a non-profit have kept me up to date in my skills and knowledge while building a network of peers. —Peel Leader.
Despite increased funding and the emphasis many organizations place on the value of continuous learning, professional development does not appear to be an ongoing or comprehensive process for organizational leaders who continue to engage mainly in “one-off” events such as topical workshops and conferences. These development opportunities are used by 83% of EDs, and 68% of the EDs who attended these rated them as ‘effective’ or ‘very effective’. This was also the most popular option in 2013, with similar usage and effectiveness rates.

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

As was the case in 2013, the second most popular development option is peer networks or peer groups which are used by 80% of EDs. 64% 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 42% of those who used them.

“I would benefit from connecting with an experienced network of leadership professionals, as of yet, I have not encountered that network within our Region.”

Informal knowledge exchange remains important in a sector where busy leaders are expected to pay attention to broader systems and their organization’s role in those systems. This may explain in part, the popularity of peer networks/groups. It is unclear how widely known and inclusive these opportunities are. One leader noted, “I would benefit from connecting with an experienced network of leadership professionals, as of yet, I have not encountered that network within our Region”.

Another professional development opportunity that appears to align well with ED realities is mentoring, a form of support that EDs can access on an as-needed basis. In 2015, we asked whether EDs were being mentored and 28% reported they are being mentored by someone inside or outside the non-profit sector.
EDs appear to appreciate the value mentoring can play in professional development. In terms of contributing to others' professional development, 51% of EDs are formally mentoring someone on their staff; 8% are mentoring staff in another organization; and 18% are mentoring the ED of another organization. EDs identified two areas where improving their skills would benefit their organization most (see chart). ‘Financial analysis and planning’ and ‘Fundraising’ came out on top in 2015. A few EDs commented that improving their leadership skills would be beneficial.

EDs might build their skills and knowledge by attending workshops and courses or through mentoring. Considering EDs’ busy schedules, online learning options might facilitate the participation of busy EDs.

Organizations that are unable to access funding for professional development opportunities might keep in mind The Center for Creative Leadership’s (CCL) 70-20-10 leadership development model (see Appendix A Related Resources). The model is based on CCL’s research into how managers learn: they assert 70% of learning actually takes place on the job through defined “stretch assignments”; 20% happens when managers and peers support their learning on those assignments; while only 10% of learning emerges from formal training. It is likely that EDs are learning on the job, however designing stretch assignments for emerging leaders might be worth further consideration.

As a new ED, I’ve been fortunate to benefit from the wisdom, guidance and mentorship from both internal and external leaders (paid staff and Board members) — Peel Leader.

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At least one ED appears to appreciate this approach, “I have learned to lead is much more effective than to manage. I try to empower each staff member to use their strengths and skills within their own realm and learn by their experiences in doing so.”
3. Professional Development - Suggested Calls to Action
For EDs

For EDs
• Identify annual learning objectives and enroll in courses to build skills in one or two key areas. Consider on- and off-line learning options.
• Find mentors to assist you in developing skills in specific areas.
• Invest in the development of a staff team with complementary skills and distribute organizational leadership. Work with staff to identify stretch assignments and goals (with support) that allow for on-the-job development, increase retention and reduce your workload.
• Engage funders in discussion about strategic organizational development needs and apply for grants to support internal development.

For Boards
• Ensure adequate resources are allocated to professional development internally – for your ED and other staff – in alignment with organizational strategy.
• Assist your ED in finding mentors in particular areas – leverage board skills and members’ professional networks.
• Recruit board members with skill sets to complement/support your ED and the implementation of your strategic plan.

For Funders
• Continue to invest in leaders’ professional development as a way to accelerate your impact.
• Support grantees in developing their leadership talent at the ED level and beyond.
• Reflect on how the strength of leadership in the issue areas you are focused on affect your ability to impact those issues.

For PLC
• Support peer networks/communities of practice and workshops around identified development areas: e.g. fundraising, financial analysis and planning, and advocacy/lobbying.
• Consider offering more on-line learning options in the interest of accessibility and continue to seek input on other ways to facilitate access.
• Research how EDs and senior staff are using and accessing mentoring and explore the contribution it makes to their professional development.
• Consider recruiting mentors from inside and outside of Peel region and facilitate match-making.
4. Organizational Financial Health

As in 2013, many of the open-ended comments in the final survey question reflected EDs’ ongoing concerns about adequate, sustainable funding. This is not a surprise in a funding environment that remains competitive with scarce core funding. As one ED noted, “It’s challenging to address community needs with stretched resources and difficult to motivate staff when funding shortfalls cause ongoing organizational shifts.”

Several funders supporting Peel-based organizations have shifted their priorities over the last few years. For example, the Region of Peel, in response to a growing awareness of changing community needs, increased the funding available for core operating costs and organizational leadership and capacity building through their Community Investment Program. The changes made to this program have been particularly helpful for some smaller organizations that had been patching together funding for ED salaries, rent and overhead from short-term project funding.

“It’s challenging to address community needs with stretched resources and difficult to motivate staff when funding shortfalls cause ongoing organizational shifts.”

KEY FINDINGS

- **Reliance on government funding:** 68% (up from 58%) of organizations rely on government for more than half of their annual budget.
- **Budget increases:** although some expressed concern about financial stability, and budget freezes/cuts, 45% of EDs reported their budgets increased in the last year.
- **Funding shifts:** recent changes in funder priorities and/or eligibility criteria have negatively impacted the financial health and stability of their organization according to a majority of EDs; however 28% reported these changes have had a minor or significant positive impact.

One measure of financial sustainability is an organization’s reserve fund. The most common response to how much nonprofit organizations should set aside in such a fund is, “it depends”; guidelines sometimes suggest reserves should be enough to cover 3-6 months’ expenses (Grantspace Knowledgebase, 2012, Nonprofits Assistance Fund, 2014). Others indicate a wider range should be considered – ranging from one payroll period up to two years of operating expenses. Determining what is appropriate depends on a number factors related to an organization’s income characteristics such as stability, reliability of timing, seasonality, etc. (Barr 2009, De Mara 2012). 33% of organizations have two months or less in an operating reserve (5% of EDs didn’t know how much reserve they had, down from 12% in 2013). This suggests many would struggle to cope with an unexpected reduction in funding and that some organizations may lack a policy on reserve funds (see Appendix A Related Resources for links to sample policies).
Of the 18 organizations that have three months or more in a reserve fund, 33% have budgets between $500,000-1M (see chart).

Although funders have for some time encouraged organizations to diversify their funding sources, 68% (up from 58%) of EDs indicated government funding represents >50% of their annual budget (26% of these agencies have less than 2 months in reserve). At the other end of the spectrum, only 8% of the organizations EDs lead rely on individual donations for >50% of their budget.

Although government funding is relatively constant, it is often restricted and/or does not cover the full costs of administering programs and services. And so many organizations fundraise to supplement government funding. Unfortunately many organizations lack staff capacity in fundraising, while EDs lack expertise. Some organizations have been reluctant to invest in fundraising capacity in an environment where donors scrutinize administrative costs. Nearly half of EDs indicated that they would value greater support from their boards in the area of fundraising.

For the most part I enjoy my role as ED, however, I feel saddened and frustrated by funding reductions and fluctuations that impact organizational capacity and sustainability that hinder the momentum of strategic priorities. – Peel Leader

Despite some concerns expressed about funding freezes and cuts, 45% (up from 25%) of EDs reported their current budget is larger than last year’s (how much is unclear). These increases might reflect an increase in funders’ awareness of Peel’s growing population and underserved needs. Another 38% indicated their budget was approximately the same while 18% reported a decrease.
4. Financial Health - Suggested Calls to Action For EDs

For EDs

• Conduct a financial analysis of programs: analyze available funding and actual costs to determine whether it might be time to end some programs to free up resources for others.

• Identify concrete ways your board could support the organization’s fund development efforts.

• Work with your board to articulate and communicate a compelling case for increased funding based on changing needs.

For Boards

• Take a more active role in fund development: start by establishing a board contribution policy and orienting the board to the various ways members can support fund development.

• Engage funders in ongoing dialogue to ensure you understand their changing priorities and challenges and retain/grow organizational funding.

• Support the ED and/or your advocacy association in advocating for more funding from government and other funders.

For Funders

• Be mindful of the impact changes in funding priorities have on organizations – engage sector leaders in two-way dialogue about potential changes and implications.

• Offer longer-term grants that enhance financial and organizational stability.

For PLC

• Identify, or if unavailable, develop tools and resources on fund development, financial analysis and how to build a case for support targeted at EDs, staff and/or boards.

• Support individual organizations by designing and delivering customized workshops to build their capacity in these areas.

• Convene periodic events for funders and sector leaders to promote and facilitate ongoing dialogue about funding from a systems perspective.

• Explore whether PLC’s “HR On Call” model might be adapted to finance (and possibly other areas).
5. Working With the Board

John Carver’s “policy governance” model has been embraced by many Canadian nonprofit boards, in part because in its pure form it draws a clear line between governance and operations. Over time, many boards have adapted this model after coming to the realization that boards can add significant value by supporting the ED and the organization outside the boardroom. This includes activities that blur the governance-operational line – e.g. lending expertise, acting as ambassadors, and assisting the organization in accessing needed resources.

A growing recognition of the mutuality of accountability, support and synergy by the board and ED is leading some to adopt a shared leadership approach. Working in partnership, lending their respective skills and perspectives, enables EDs and their boards to address the complexities of governing and managing an organization. In this partnership, the ED is usually the ‘constant’, while board members turn over. EDs have extensive knowledge of governance models, policies and processes, having worked with their boards and having served on the boards of other NPCOs. This experience makes EDs a valuable governance resource... they can help boards stay abreast of and adopt governance best practices.

KEY FINDINGS

Relationships: overall EDs have a positive relationship with their boards and board chairs. Despite this, only 67% (down from 90% in 2013) of Peel EDs are ‘somewhat’ or ‘very’ confident in their ability to influence or impact their board’s performance.

Board performance: 72% are ‘somewhat’ to ‘very’ satisfied with their board’s performance.

Board support: most EDs are receiving support from the board in key areas; when asked to identify one area, 49% (down from 66% in 2013) noted they would like more support from the board in fundraising.

EDs typically work most closely with the board chair, and so this relationship is particularly important. 69% (up from 59%) of EDs rated their relationship as ‘functional’, 28% (down from 32%) said it was ‘exceptional’, and just 3% characterized it as ‘dysfunctional’. A substantial majority of EDs (87%) 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 strategic decision making and planning and financial oversight. In 2015, 80% (down from 93%) of EDs indicated they feel they can be transparent with their board, sharing mistakes without fear. Boards provide the least support in the areas of public policy/advocacy and fund development; interestingly, both these are areas EDs expressed an interest in improving their skills (see page 18).
A large majority of EDs are ‘somewhat’ (44%) or ‘very’ satisfied (28% up from 22%) with their board of directors’ performance; only 3% indicated they are ‘not at all’ satisfied.

One ED commented that it would be valuable to have “a full group of committed board members that understands the economic, political issues faced by the organization and is able to support the organization to deal with these issues and achieve its strategic goals”. Some boards are actively engaging at this level, in response to the growing complexity of the current environment as well as expectations from funders and government around board accountability.

Approximately how many hours do you spend per month on all board related activities? (e.g. meetings, recruitment, orientation, committees, interaction with individual board members)?

82% of EDs spend 5-19 hours/month on board-related activities. 69% (up from 59%) think they spend just the right amount of time on board matters to meet organizational goals. Only 11% spend 20 or more hours/month on board work.

Only 67% (down from 90% in 2013) of Peel EDs are ‘somewhat’ or ‘very’ confident in their ability to influence or impact their board’s performance. EDs rely on their boards for various forms of support, while the organization relies on the board for legitimacy, and so this lack of confidence in their ability to influence board performance may be cause for concern.
This might reflect the fact that EDs lack time to invest in board development alongside their other work. It might also reflect changes in board composition... if more members come from the corporate sector they may take a narrower view of their governance role, attempting to maintain a clear boundary between their oversight work and operations.

Most EDs see their boards as a resource and some indicated they would value additional support and guidance in different areas: as noted in the previous section, almost half of EDs identified fundraising as the top area their board could strengthen. 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/public relations and financial oversight as areas in which they wish their board was stronger.

One leader commented, “For a community like Peel… board membership should be diverse… members should be chosen based on the skills needed by the organization”.

5. Working With the Board - Suggested Calls to Action

For EDs

• Alert your board to needed supports related to organizational priorities. If board members are unable to assist, ask them to reach out to their networks.

• Assist your board in understanding their roles and responsibilities (via orientation and ongoing board development) to ensure all members are clear about expectations and opportunities to contribute.

• Engage your board in thinking strategically and generatively about the internal and external environment and the implications for the organization.

For Boards

• Develop a board workplan outlining how the board will contribute to the organization’s strategic plan and otherwise support the ED.

• If necessary, get educated on specific topics and/or recruit for specific skills.

• Use a matrix to track board members’ skill sets in alignment with organizational needs and strategic priorities. Gaps in the matrix can inform recruitment efforts.

For Funders

• Consider allocating funding to board development.

For PLC

• Develop/offer educational opportunities for boards re: fundraising and other specific topics of interest.

• Convene boards periodically to discuss emerging issues in Peel region and identify possible responses from different parts of the community.

• Explore whether PLC should offer training for boards on specific aspects of governance to complement the training offered by others.
As would be expected based on 2013 findings, significant turnover of Peel EDs is on the horizon. Yet few organizations appear well prepared. Although succession planning is widely seen as “a good idea”, organizations rarely prioritize this work until their leader gives notice. This may be in part be a reflection of the fact that succession planning approaches tend to focus narrowly on the processes of preparing for the departure of, and recruiting EDs, rather than making succession planning an integral part of continuous capacity building in alignment with an organization’s strategic directions.

The cost of senior leadership turnover is particularly high, from the obvious and tangible search and hiring costs, to the less obvious costs related to organizational productivity and momentum. A recent study in the for-profit sector explored the time it takes for internal and external hires to get up to speed suggests costs are significantly higher for external hires, 40% of whom fail in the first 18 months (Martin, J., For senior leaders, Fit matters more than skill).

CEO succession and executive transition is not, should not, and never will be only about selecting the best CEO from a pool of likely candidates. It must always be about building a continuously transforming succession pipeline carefully constructed and designed to grow truly transformative leaders on the inside – Noel Tichy, *Succession: Mastering the Make-or-Break Process of Leadership Transition.*

As would be expected based on 2013 findings, significant turnover of Peel EDs is on the horizon. Yet few organizations appear well prepared. Although succession planning is widely seen as “a good idea”, organizations rarely prioritize this work until their leader gives notice. This may be in part be a reflection of the fact that succession planning approaches tend to focus narrowly on the processes of preparing for the departure of, and recruiting EDs, rather than making succession planning an integral part of continuous capacity building in alignment with an organization’s strategic directions.

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**KEY FINDINGS**

**Departure plans:** although 62% of EDs are planning to leave their roles within the next 4 years (31% within the next 2), only 10% of EDs have notified their board of their intention to leave.

**Succession plans:** only 26% (down slightly from 27% in 2013) of organizations have a documented succession plan in place for the ED position.

**Future salaries:** 62% (up from 57% in 2013) of EDs think their organization will need to pay more to attract a successor.

Only a quarter of organizations have documented a succession plan for the ED role. This finding parallels results in the 2012 “Driving Change” survey. A majority believe at least one credible internal candidate exists (see chart); however 92% of respondents stated that no successor has been explicitly identified.

74% of EDs are ‘somewhat’ or ‘very’ confident in their board’s ability to hire a suitable successor; only 3% are NOT confident.
Leaders depart for various reasons and the circumstances surrounding the departure of EDs’ predecessors provide some insights (20% of EDs indicated they had NO predecessor). Some leaders plan their departure and leave voluntarily, as was the case for 66% (up from 48%) of EDs’ predecessors, while others were forced to resign or were terminated (11%, down from 17%).

Although salary ranges are up in 2015 compared to 2013, 62% (up from 58%) of EDs think their organization will need to pay their successor a higher salary (see salary chart on page 13). When core operational funding is hard to come by, boards will need to secure alternative funding and/or consider how to redesign this role to make it more attractive to future leaders who may be prepared to accept lower salaries in exchange for non-monetary benefits.

"I feel the expectations of a non-profit ED are somewhat unrealistic and I am unlikely to consider pursuing similar roles within the sector."

In Peel region, 62% (up from 56%) of EDs anticipate leaving their role in the next 4 years; 31% (down from 37%) are planning to leave within 2 years. Of the 23 Peel region EDs who have been in their role 5 years or less, 52% (up from 50%) are considering leaving their position in the next 1-4 years; this is interesting when 95% (up from 78%) indicated they enjoy their job ‘very much’ or ‘a lot’. Although none of these newer EDs indicated they have given notice, one is actively considering leaving.

This ‘changing of the leadership guard’ may herald a loss of sector knowledge and expertise. EDs were almost evenly split in terms of how likely (36%) or unlikely (41%) they would be to take on another ED position in future. Looking at the 21 EDs with longer tenure (6 or more years in their current role), 37% (down from 52%) indicated
they were “not likely at all” to take another ED position. Of the 23 newer EDs, only 25% of EDs said the same. One ED noted, “I feel the expectations of a non-profit ED are somewhat unrealistic and I am unlikely to consider pursuing similar roles within the sector”.

These findings suggest we might be seeing a decline in the number of long-term leaders with a deep personal sense of ownership and commitment to their organization. Many long-term leaders who are approaching retirement have invested themselves in growing their organization. As one leader noted, “This organization and the work I do is my passion and I would only leave if I saw someone who can carry the passion forward”.

EDs recruited into more mature organizations today may take on the role as a professional challenge, viewing it as an opportunity to introduce change and/or promote integration before moving onto other challenges. From an organizational perspective, shorter leadership tenures have upsides and downsides: new leaders generally bring new networks, ideas, and openness to change. On the other hand, leadership recruitment processes consume significant time, money and energy, and each transition can be unsettling for staff and communities alike.

Given the high cost of leadership turnover, it is worthwhile attempting to understand what is contributing to shorter leadership tenures. While the absence of work-life balance may be a contributing factor when it comes to shorter tenures (see page 9); they may also be a reflection of the growing sense of isolation many EDs feel (see page 9), and/or demographic shifts. Finally, it is worth reflecting on whether boards have been making the right hiring decisions.

In thinking about their departure, 59% of EDs reported being concerned more about their organization’s well-being post departure, than their own personal well-being. 56% of EDs indicated they have not delayed their decision to depart. Of those who indicated they have delayed their departure, 12% (down from 17%) cited lack of/loss in personal retirement savings/investments, or losses of agency funding; while 10% (down from 15%) indicated they don’t think a suitable replacement is available. Of EDs with longer tenure (6 or more years in their current role), 37% (down from 52%) have delayed their decision (26% of those because of a lack of/loss in personal retirement savings/investments, and 16% because of a lack of agency funding).
6. Succession Planning - Suggested Calls to Action For EDs

For EDs

• Begin restructuring your role now to make it more attractive to you and your successor.

• Help your board prepare for transition by providing generous lead time and alerting them to anticipated recruitment challenges.

• Work with your board to document a succession policy and plan that prepares the organization to deal with an unplanned or planned vacancy.

For Boards

• Support your ED in restructuring his/her current role in the interest of retention and succession planning.

• Collaborate with your ED to identify monetary and non-monetary benefits that would improve his/her work experience.

• Work with your ED to document a succession policy and plan.

• Be mindful of, and attempt to reduce, systemic barriers that make it difficult for Peel’s emerging ethnic leaders to access organizational leadership roles.

• Identify roles the board can play to support a new leader in establishing him/herself in the organization and community (e.g. help establish first year priorities and a timeline for regular feedback).

For Funders

• Recognize the importance of fair compensation and its impact on retention and recruitment of organizational leaders.

For PLC

• Continue PLC’s work in this area which began after the last ED survey through the Peel Organizational Development project (PODp) by sharing guidelines, tools and templates for succession planning and assisting organizations in making succession planning an integral part of their strategic planning process.

• Develop a compelling, evidence-informed case promoting the benefits of succession planning… including the costs of turnover and of neglecting to plan.

• Research the costs and benefits of the changing leadership profile and shorter leadership tenures.

• Convene a discussion of senior managers interested in becoming EDs to explore their vision for the role and next generation leadership interests.

• Collaborate with the Regional Diversity Roundtable and others to better understand the ethnic profile of leaders in Peel Region.
Suggested Calls to Action by Actor

This section consolidates the suggested calls to action for each six areas, organized by actor. Please don’t be daunted by the long list of actions, it is not our intention that actors will implement all of these. We appreciate that Peel Region EDs, boards and organizations are all at different stages of development, and so all the identified actions will not be relevant. We offer them in the hope they may be useful in stimulating a discussion around what your organizational priorities are and that they might prompt other ideas about how to respond to the findings. We’d love to hear which actions resonate for you.

For Executive Directors

1. The ED Role – Enjoyment, Structure and Challenge

- Develop strategies to improve your work-life balance. Taking time off not only sets an example for staff, it gives others an opportunity to assume leadership in your absence.
- In the interest of organizational resilience and your workload, encourage and support emerging leaders to develop skills in key areas. Once they have, delegate some of your responsibilities and decisions to them.
- Expand your support network to include mentors and peers (e.g. engage in communities of practice) to reduce your sense of isolation.

2. Performance Management

- Reflect on your recent evaluation experience and ask your peers about theirs. Engage your board in a discussion about possible improvements.
- Assist your board in scheduling and implementing the process.

3. Professional Development

- Identify annual learning objectives and enroll in courses to build skills in one or two key areas. Consider on- and off-line learning options.
- Find mentors to assist you in developing skills in specific areas.
- Invest in the development of a staff team with complementary skills and distribute organizational leadership. Work with staff to identify stretch assignments and goals (with support) that allow for on-the-job development, increase retention and reduce your workload.
- Engage funders in discussion about strategic organizational development needs and apply for grants to support internal development.
4. Organizational Financial Health

- Conduct a financial analysis of programs: analyze available funding and actual costs to determine whether it might be time to end some programs to free up resources for others.
- Identify concrete ways your board could support the organization's fund development efforts.
- Work with your board to articulate and communicate a compelling case for increased funding based on changing needs.

5. Working With the Board

- Alert your board to needed supports related to organizational priorities. If board members are unable to assist, ask them to reach out to their networks.
- Assist your board in understanding their roles and responsibilities (via orientation and ongoing board development) to ensure all members are clear about expectations and opportunities to contribute.
- Engage your board in thinking strategically and generatively about the internal and external environment and the implications for the organization.

6. Succession Planning

- Begin restructuring your role now to make it more attractive to you and your successor.
- Help your board prepare for transition by providing generous lead time and alerting them to anticipated recruitment challenges.
- Work with your board to document a succession policy and plan that prepares the organization to deal with an unplanned or planned vacancy.

For Boards

1. The ED Role – Enjoyment, Structure and Challenges

- Find ways to restructure the ED role to improve work-life balance and ensure your ED takes his/her vacation.
- Encourage and support your ED to spend time outside the organization, and engage in peer networks to increase access to support and reduce isolation.
- Recruit board or committee members with skills the organization lacks and/or use your networks to access external support.

2. Performance Management

- Reflect on the ED evaluation process with your ED and determine how it might be improved from each of your perspectives.
- As part of the evaluation process, identify objectives for professional development related to the ED role and organizational strategy; and outline a plan to support these.
## 3. Professional Development
- Ensure adequate resources are allocated to professional development internally – for your ED and other staff – in alignment with organizational strategy.
- Assist your ED in finding mentors in particular areas – leverage board skills and members’ professional networks.
- Recruit board members with skill sets to complement/support your ED and the implementation of your strategic plan.

## 4. Organizational Financial Health
- Take a more active role in fund development: start by establishing a board contribution policy and orienting the board to the various ways members can support fund development.
- Engage funders in ongoing dialogue to ensure you understand their changing priorities and challenges and retain/grow organizational funding.
- Support the ED and/or your advocacy association in advocating for more funding from government and other funders.

## 5. Working With the Board
- Develop a board workplan outlining how the board will contribute to the organization’s strategic plan and otherwise support the ED.
- If necessary, get educated on specific topics and/or recruit for specific skills.
- Use a matrix to track board members’ skill sets in alignment with organizational needs and strategic priorities. Gaps in the matrix can inform recruitment efforts.

## 6. Succession Planning
- Support your ED in restructuring his/her current role in the interest of retention and succession planning.
- Collaborate with your ED to identify monetary and non-monetary benefits that would improve his/her work experience.
- Work with your ED to document a succession policy and plan.
- Be mindful of, and attempt to reduce, systemic barriers that make it difficult for Peel’s emerging ethnic leaders to access organizational leadership roles.
- Identify roles the board can play to support a new leader in establishing him/herself in the organization and community (e.g. help establish first year priorities and a timeline for regular feedback).
**For Funders**

1. The ED Role – Enjoyment, Structure and Challenges
   - Assess whether leaders of the organizations you fund are compensated at competitive rates commensurate with the scope of their jobs.

2. Performance Management
   - n/a

3. Professional Development
   - Continue to invest in leaders' professional development as a way to accelerate your impact.
   - Support grantees in developing their leadership talent at the ED level and beyond.
   - Reflect on how the strength of leadership in the issue areas you are focused on affect your ability to impact those issues.

4. Organizational Financial Health
   - Be mindful of the impact changes in funding priorities have on organizations—engage sector leaders in two-way dialogue about potential changes and implications.
   - Offer longer-term grants that enhance financial and organizational stability.

5. Working With the Board
   - Consider allocating funding to board development.

6. Succession Planning
   - Recognize the importance of fair compensation and its impact on retention and recruitment of organizational leaders.

**For PLC**

1. The ED Role – Enjoyment, Structure and Challenges
   - Research how ED roles are being restructured in Peel and other jurisdictions.
   - Host an intergenerational forum to explore how to constructively evolve the ED role.

2. Performance Management
   - Inform boards about best and promising practices in ED evaluation by posting tools and other resources (e.g. articles, case studies) on the PLC website.
   - Work more closely with organizations to support the implementation of leading evaluation processes.

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Who's Leading NOW
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3. Professional Development

• Support peer networks/communities of practice and workshops around identified development areas: e.g. fundraising, financial analysis and planning, and advocacy/lobbying.

• Consider offering more online learning options in the interest of accessibility and continue to seek input on other ways to facilitate access.

• Research how EDs and senior staff are using and accessing mentoring and explore the contribution it makes to their professional development.

• Consider recruiting mentors from inside and outside of Peel region and facilitate match-making.

4. Organizational Financial Health

• Identify, or if unavailable, develop tools and resources on fund development, financial analysis and how to build a case for support targeted at EDs, staff and/or boards.

• Support individual organizations by designing and delivering customized workshops to build their capacity in these areas.

• Convene periodic events for funders and sector leaders to promote and facilitate ongoing dialogue about funding from a systems perspective.

• Explore whether PLC’s “HR On Call” model might be adapted to finance (and possibly other areas).

5. Working With the Board

• Develop/offer educational opportunities for boards re: fundraising and other specific topics of interest.

• Convene boards periodically to discuss emerging issues in Peel region and identify possible responses from different parts of the community.

• Explore whether PLC should offer training for boards on specific aspects of governance to complement the training offered by others.

6. Succession Planning

• Continue PLC’s work in this area which began after the last ED survey through the Peel Organizational Development project (PODp) by sharing guidelines, tools and templates for succession planning and assisting organizations in making succession planning an integral part of their strategic planning process.

• Develop a compelling, evidence-informed case promoting the benefits of succession planning… including the costs of turnover and of neglecting to plan.

• Research the costs and benefits of the changing leadership profile and shorter leadership tenures.

• Convene a discussion of senior managers interested in becoming EDs to explore their vision for the role and next generation leadership interests.

• Collaborate with the Regional Diversity Roundtable and others to better understand the ethnic profile of leaders in Peel Region.
PLC’s Response and Evolving Role

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

PLC initiated this survey in 2013 to better understand the realities experienced by non-profit sector EDs in Peel Region. The findings and calls to action from 2013 informed the Centre’s work and program development since that time. Specifically, in response to findings related to succession planning, PLC launched the Peel Organizational Development project (PODp) with this specific issue focus4. PLC has also piloted new online educational options and has experimented with more customized forms of support such as the “HR On Call” program.

In 2016, PLC’s board and staff have committed to reflecting on and prioritizing the actions outlined in this report as part of their strategic planning process.

On another level, these findings hint at how PLC’s role and contribution in Peel might evolve more broadly. The actions suggest the Centre should continue to: listen to those in the community by convening and/or surveying leaders; investigate topics and questions that are of interest to Peel leaders; and support leadership transitions and development in various ways.

In expanding educational options to date, PLC has been mindful of what appears to be a paradox. While busy EDs have expressed an interest in 24/7 online learning options, they also value opportunities to get out and connect in person. PLC will continue to experiment with online delivery platforms and seek feedback from leaders on what works best for them.

The 2015 findings validate that succession planning remains an important area for PLC to focus on as a way to add value and create systemic change in Peel.
Conclusion

This updated profile of Peel region’s nonprofit leaders in 2015 suggests that although some aspects of the ED experience and leadership have changed for the better since 2013, several issues persist. We are mindful that the findings in this survey reflect the experience of 44 NPCO leaders, which is less than 10% of Peel Region’s leadership. We suspect their experience represents a glimpse into what the larger group of NPCO EDs are experiencing, since there were some strong commonalities in the leadership experience of this group of leaders.

The good news stories point to ED evaluations and salaries. In alignment with best practices in governance, more EDs reported being evaluated over the last 2 years. On the salary side, only 6% of EDs are earning less than $50,000 (down from 27% in 2013). This suggests some boards may have benchmarked ED salaries and secured financial resources to close the gap, and that some funders have responded to requests for salary support. And while financial compensation is not the biggest motivating factor for leaders, it impacts retention, job satisfaction and an organization’s ability to recruit future leaders.

A number of findings in 2015 are cause for concern and suggest action and additional research are needed. Findings related to shorter leadership tenures, increased workloads and rising levels of burnout, and an aging demographic profile of Peel leaders all suggest more turnover is on the horizon. These findings reinforce that succession planning requires greater attention from boards and EDs. The organizational and financial costs of neglecting to plan for succession are significant and varied. Other findings related to skill deficits among EDs, staff and boards suggest boards and EDs would be wise to adopt a more holistic approach to succession planning by integrating it with organizational strategy and professional development... of the ED and high potential staff. Evolving the ED role to make it more appealing to current and next generation leaders will also be important.

Financial sustainability remains a concern. Many of Peel’s organizations rely heavily on government funding, a source that in some respects is more reliable than other forms of funding. However, in an economic downturn government’s tax revenues decline while community needs rise. Continuing to make government decision makers aware of specific community needs will be increasingly important in the coming years as decision makers juggle multiple priorities. This suggests the need for open and ongoing dialogue between the sector and government. In the interest of financial sustainability it would be helpful if all actors addressed the skill deficits related to advocacy, fundraising and fund development.

Some findings would benefit from further investigation to determine if they are representative or outliers. For example it is unclear whether the limited ethnic diversity of the EDs who responded to this survey is reflective of the broader cohort of leaders in Peel region. PLC will explore this finding in collaboration with others in Peel region.

The findings point to a variety of actions that individuals and organizations could take to improve the ED experience, strengthen leadership in the nonprofit sector, and ultimately increase the resilience and impact of Peel region NPCOs. Different stakeholders have different scopes within which to respond, but if each responds to the call, Peel region communities will benefit.
Appendix A: Related Resources

The resources provide interesting comparative data used to contextualize the findings in the 2015 Peel Region ED Survey. Some of these resources were referenced in the body of this report.


Appendix A: Related Resources


