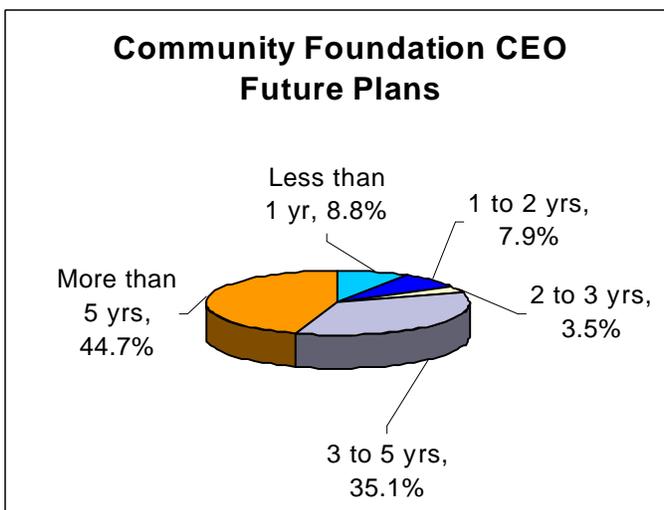


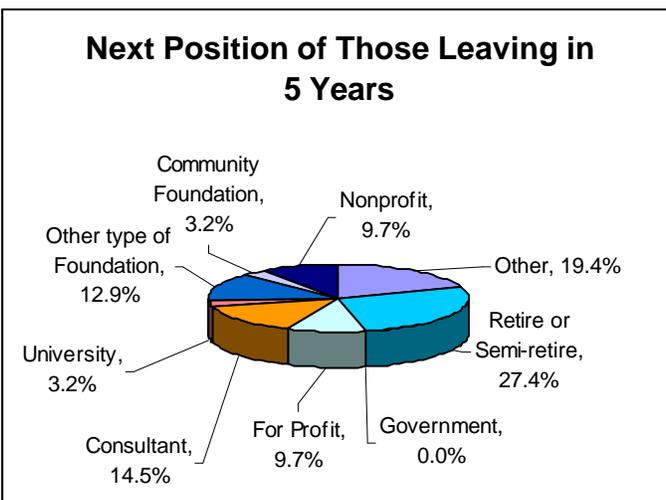
Executive transition—with all its attendant opportunities and challenges—is becoming an increasingly salient topic for nonprofit organizations and the sector as a whole. The retirement of the large generation of baby-boom leaders during the next two decades will likely have far-reaching, and potentially dislocating effects. While there has been considerable research on transitions in nonprofit organizations, there is limited information about such transitions in foundations. The survey of 119 community foundation CEO's described in this report begins to fill this gap.

Anticipated Executive Transitions

Most community foundations have had relatively stable staff leadership over the past 10 years, with 61% having had the same CEO throughout this time period. A small subset (11 out of 118) of foundations, primarily smaller foundations, has endured multiple transitions. Community foundation leadership will be less stable over the next 10 years with 55% of CEOs anticipating leaving their current positions within 5 years.



For those leaving within 5 years, the single most popular career choice is retirement. The next is consulting, which is likely to be done part time.



Key Findings from Survey of Community Foundation CEOs

Community foundation CEOs have been relatively stable over the past 10 years--61% have had the same CEO for the past 10 years. However, this stability is unlikely to persist in the next 10 years--55.3% of CEO anticipate leaving their current positions within 5 years.

Community foundation CEOs are aging and a wave of retirement is likely over the next 10 years. Most (65.5%) community foundation CEO's are over 50 years old, and a significant minority (19%) are over the age of 60.

Nonprofits have been a training ground for many community foundation CEOs. Most community foundation CEOs (55%) have more than 10 years of experience working in non-profit organizations other than foundations, and over 70% have had at least 5 years. Thirty-three percent came directly from work in nonprofit organizations (including universities) to their current CEO position.

Community foundation CEOs are predominately Caucasian/White (97.4%), and most (53.4%) are female. Women CEOs typically head smaller foundations--the median size of woman-headed community foundations is \$21 million in assets, compared to \$63 million for male-headed community foundations.

SPONSORS

The survey was sponsored by the Community Foundation CEO Network and the Council on Foundations. It was funded by the Annie E. Casey Foundation and was conducted by TransitionGuides and Management Performance Concepts. For a complete report visit www.transitionguides.com after December 1, 2003 or contact Paige Hull of Management Performance Concepts at phull@managance.com for more information.

Aging CEOs

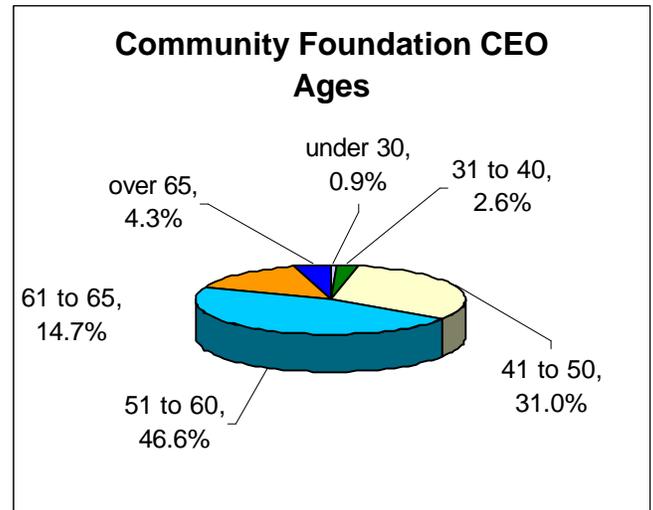
Community foundation CEOs are aging, and a wave of retirement is likely over the next 10 years. Most (65.5%) community foundation CEO's are over 50 years old, and a significant minority (19%) are over the age of 60. Seventy-three percent of those leaving in the next five years are over 50 years old and are leaving to retire.

Characteristics of CEOs and Future Plans

Retirement. Fifty percent of CEOs over 50 years old plan to stay in their position until they reach retirement age and then retire. Eighteen percent of those under 50 years old anticipate staying in their current position until they retire.

Moving on to Different Careers. Eighty-two percent of those under 50 anticipate moving from their current positions to other challenges and opportunities. Seventy-eight percent anticipate these next challenges being outside of foundations. Of those under 50 years old, 45% anticipate making this shift within 5 years. Twenty-three percent of those over 50 years old anticipate moving on to other careers.

The Stable Core. Fifty-five percent of those under 50 years old foresee staying in their positions for over five years (note that this is only 19% of all CEOs). They form a core of leadership on which to build.



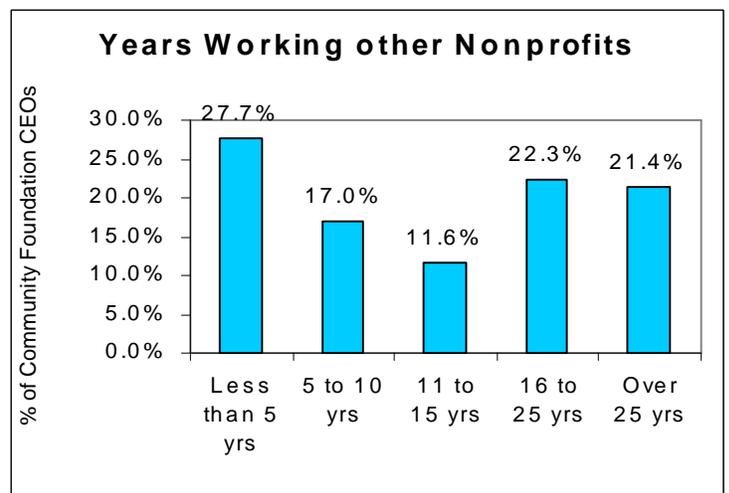
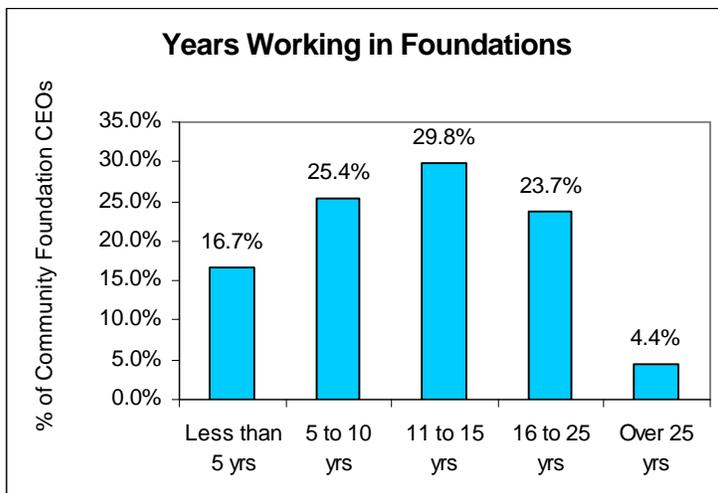
Other Characteristics Impacting Transitions

In terms of characteristics that may influence the types of transitions in community foundations, 78% of community foundations do not have written succession plans, and 21% of CEOs founded their community foundations.

CEO Career Path

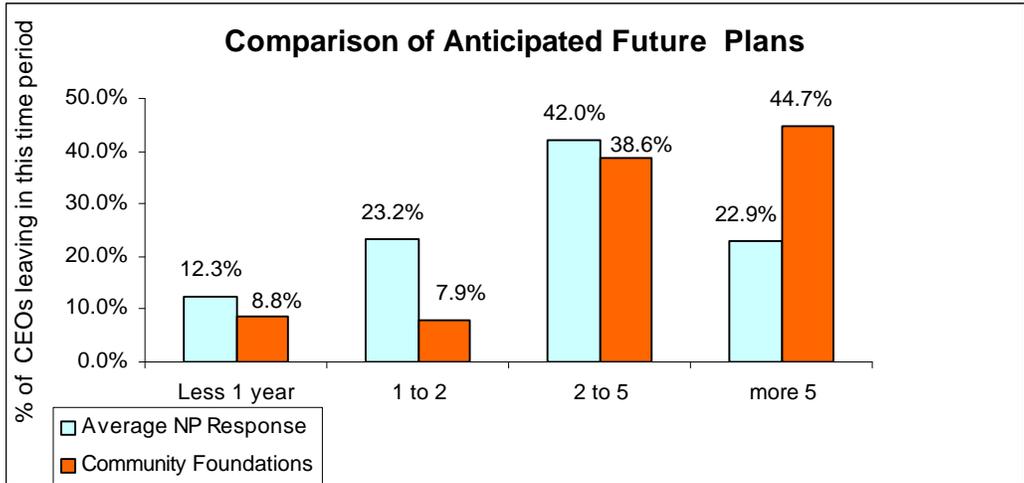
Nonprofits have been a training ground for many community foundation CEOs. Most CEOs of community foundations (55%) have more than 10 years of experience working in nonprofit organizations other than foundations, and 25% came directly from work in nonprofit organizations to their current CEO position; this percentage increases to 33% when including those who were working at universities. For-profit experience is also part of a significant number of CEOs. Twenty-seven percent of CEOs came directly from work in for-profit companies to their current positions.

Most community foundation CEOs (87%) are in the position for the first time, and 83% would choose a field other than philanthropy as their next position (36% will retire). On the other hand, 33% have held at least one other CEO position in other nonprofits previous to becoming the community foundation CEO and they have significant other experience in both foundations and nonprofits, including management experience. Seventy-one percent were in management or director level positions immediately prior to becoming the CEO.

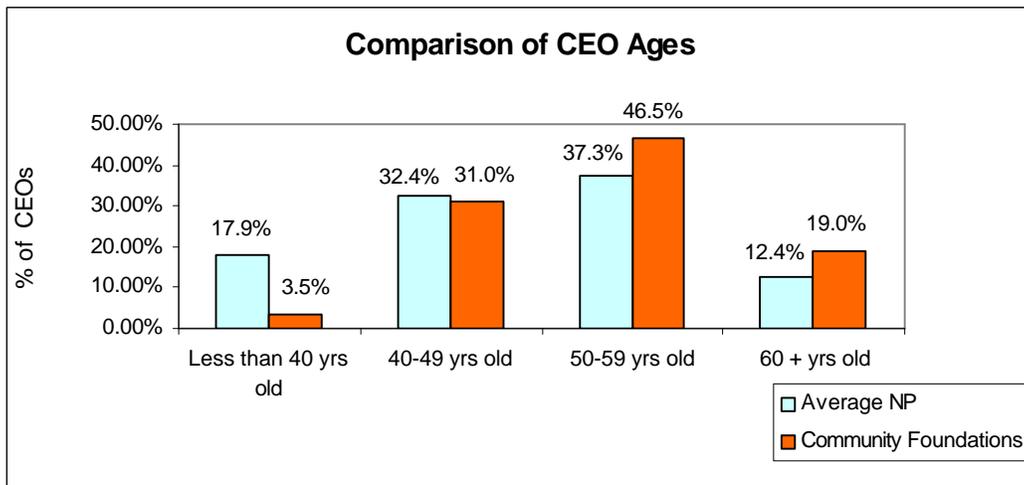


Comparing Community Foundation CEOs to Nonprofit Executives

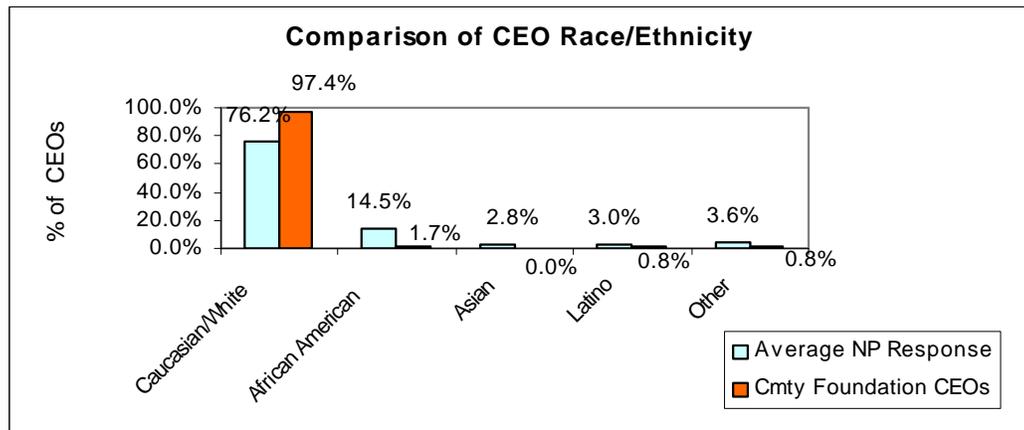
When comparing community foundation CEOs to CEOs of other types of nonprofits, a few differences are apparent.¹ Community foundation CEOs intend to stay in their current positions longer than most nonprofit executives; 44.7% intend to stay in their positions for longer than 5 years compared to 22.9% of nonprofit executives.



Community foundation CEOs have been in their current positions longer than the average nonprofit executive; 48% of community foundation CEOs have been in their positions for 10 or more years compared to 23% of nonprofit CEOs. Community foundation CEOs are slightly older than the average nonprofit executive. Fifty percent of nonprofit executives are over 50 and 66% of community foundation CEOs are over 50 years old.



Community foundation CEOs are even more likely to be Caucasian than nonprofit CEOs.



¹ Note that we took the average of 3 surveys of nonprofit executives—CompassPoint’s Daring to Lead Study, Annie E. Casey Foundation Survey, and Survey of Executives in Maryland—for the comparisons in this section.

Developing a Body of Research

The survey builds on a growing corpus of knowledge about executive transitions in nonprofits developed by the Neighborhood Reinvestment Corporation, CompassPoint Nonprofit Services, Maryland Association of Nonprofit Organizations, and the Annie E. Casey Foundation. Conducted during the last decade, this research has highlighted the risks of failed or unsuccessful transitions, noting that poorly managed executive transitions incur high costs to organizations and communities. Too frequently, there is repeat executive turnover and extended periods of under-performance. In extreme circumstances, organizations go out of business, leaving a wake of broken commitments and financial entanglements. This research has also found that most transitions (as many as 60%) are “non-routine” and occur due to an organizational crisis or the departure of a founder or visionary leader.

This research has also identified other issues associated with these transitions. For example, *Daring to Lead*, a research report by CompassPoint done in 2001, discovered that 35% of executives plan to leave their jobs within two years. The study also found nearly two-thirds of executives are in the top position for the first time, and fewer than half plan to take on another executive director position.

Also in the early 2000s, the Annie E. Casey Foundation launched an effort to better understand the frequency and issues of executive leadership transitions in nonprofit organizations and explore the Foundation’s role in assisting grantees to move successfully through the organizational challenges of leadership transition. The Foundation commissioned research including a literature review, a national and three-city scan of available transition services, a grantee survey, 11 consultative sessions with nonprofit leaders and capacity building practitioners, case studies of founder executive leadership transitions and hands-on practice with two management support organizations.

Casey’s review of existing executive transition services and its experience to date indicate that well-managed transitions result in more effective organizations and in some instances major organizational transformation. Properly managed, leadership transitions provide a “pivotal moment.” Faced with a (sometimes disconcerting) pause in “business as usual,” nonprofits can re-examine current organizational practices, positioning, even mission, direction and vision. Boards, with expert support from executive transition services providers, can assess the situation, work through the hiring process, and put in motion steps that enable the organization not only to survive a transition, but to prosper from it.

The early outcomes found through the use of a developing executive transitions services model (called Executive Transition Management or ETM) demonstrate the potential to reduce transition-related risks and sustain and improve organizational health and effectiveness. For more information on ETM, please visit www.transitionguides.com.

Survey Methodology

This survey utilized a purposeful, stratified survey sample. We invited 177 CEOs of community foundations out of a possible 288 CEOs to participate. Those invited varied in foundation size and CEO experience, and included CEOs that advanced from within the foundation to their current position. CEOs were invited to respond via e-mail and could complete the survey using e-mail, the Web or hard copy. 119 CEOs responded to the survey—a 69% response rate. Further, the response rates across various control factors (i.e. size, and CEO experience) were similar.

Key Past Research Findings

- o Between 10–12 percent of nonprofit organizations are likely to be changing executive directors in any given year, according to research of nonprofit IRS 990 forms in two cities.
- o 85% of executives of Annie E. Casey Foundation’s community-based grantees will likely leave their position over a seven-year period according to the survey completed by 130 executive directors.
- o 51% of executives of Maryland nonprofit organization will leave their organizations within three years according to a survey sponsored by Maryland Association of Nonprofit Organizations. In general, long-time, older executives are planning on remaining in their positions longer than newer, younger executives.
- o As baby-boomers retire, leadership change in all sectors will intensify. The number of workers aged 35 to 44 will decline by 10% from 2000 to 2010, while workers aged 55 to 64 will increase by 52%. Fewer managers groomed for nonprofit service will likely make the passing of the leadership mantle more challenging.
- o In 2002, there were limited services available to help nonprofits manage transitions, and the availability of these services varied significantly by geography. However, there was a growing interest in and need for such services, according to a scan of existing executive transition services sponsored by the Annie E. Casey Foundation.