

Storied Awareness

Insights and action for leaders like you.

Creating an Environment for Executive Leadership to Thrive

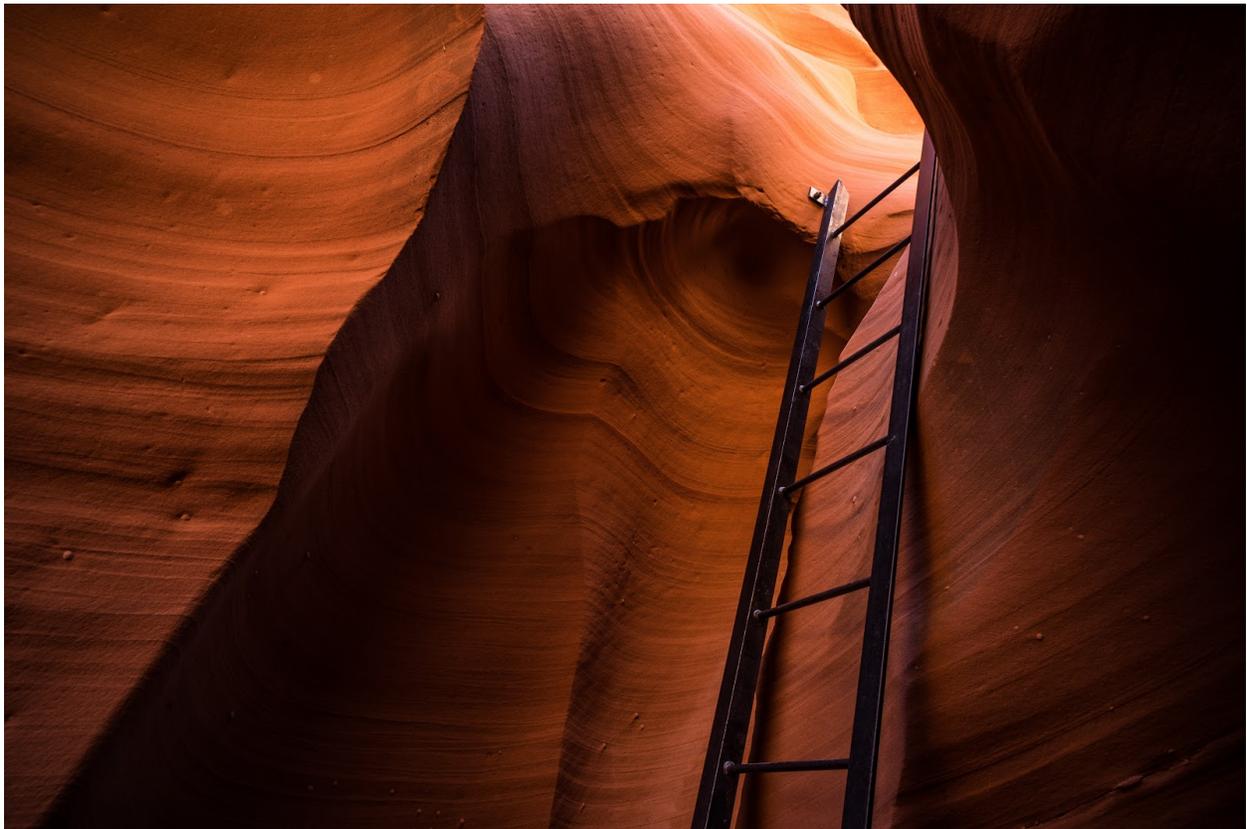
[Storied Awareness](#)

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Empowering Executive Leadership to Thrive

There are not many nonprofit boards of directors that hire an executive director or CEO with the hopes of them leaving within a couple of years. Yet, this is what we see across the sector. In 2011, the [Daring to Lead](#) study found that 7% of surveyed executive directors have given notice and 67% anticipate leaving within five years. This trend does not seem to have shifted over time and some experts estimate that the nonprofit sector will need about 80,000 new leaders annually, according to research from [Bridgespan Group](#). However, for these new leaders to succeed, we must create an environment for them to thrive.



Failing to create an environment where new leaders thrive can threaten the future of the nonprofit and the constituents the organization serves. Leadership transitions are, by definition, high-stakes. In a successful transition, a new leader's team is 90% more likely to meet their 3-year performance goals. Yet when the transition is unsuccessful,

the performance of the new leader's team suffers and team members are 20% more likely to leave the organization, according to research cited by [McKinsey & Company](#).

While engaging with the nonprofit field in a multitude of roles over the past 30 years, I grew increasingly curious about why leaders often left their positions. I held personal experience as an executive director, board chair, leadership coach and consultant. Still, I wanted to hear from more people about their experiences and see what sense we could make together. To do this, Storied Awareness interviewed 40 former executive directors and CEOs who left their positions and never took them on again. The goal was to hear about their experiences, understand what led to their departures and inspire a different way forward for our leadership.

What Inspires Leaders in the First Place?



"I loved the ability to shape the direction of the organization and to help build, support and mentor incredible talent. It was rewarding to raise resources for a mission I believed in and I was able to transform the organization and reverse its downward trend. I learned a lot and felt I made a difference."

Before exploring why executives leave and what can be done about it, it is important to remember that nonprofit leaders accept these positions on purpose - and because of purpose.

Nonprofit Leaders Are Powered By Purpose

Leaders in nonprofit executive director roles may or may not have years of executive decision-making experience, yet they are highly motivated and self-driven individuals with significant potential to grow and excel. They are energized by the opportunity to:

- Shape and see impact on a mission
- Set and drive action towards a vision
- Sharpen their leadership skills
- Identify and solve challenges
- Shape and guide a team of staff and volunteers

Interviewees were hungry to work in entrepreneurial, mission-driven environments that allowed them the freedom and flexibility to design and implement change at the speed they set.

Successful Leaders Share Three Qualities

There are three qualities that stood out for the executive directors who enjoyed, succeeded and flourished in the role: self-awareness, vulnerability and courage.

One: Self-awareness

Self-aware leaders know their strengths, are clear about their areas of weakness and open to exploring blind spots and recognizing where and how they show up in their work. For example, one interviewee talked about how she hates to lose. In her mind, this trait drove her to push the organization to achieve and succeed in a competitive market.

What were the consequences of this stance? It stopped her from deeply collaborating and had her pushing herself and her staff beyond their limits too often.

Two: Vulnerability

Vulnerable leaders are able to seek out and honest feedback openly, ask for the support they need, admit uncertainty and start the hard conversations. Importantly, vulnerable leaders are able to make quick, necessary decisions knowing that while they might not be perfect, a decision needs to be made. Another interviewee reflected that when he first started out he thought he had all the answers and didn't need any support or guidance. This allowed him to be a self-starter who got things done.

What else did this stance of independence create? It created a weak, disengaged team, a narrow vision, and a burnt-out executive who wasn't serving the community to the best of his ability.

Three: Courage

Courageous leaders know that fear and concern are part of the job. Within this knowledge, they take responsibility for doing all of the work, even the uncertain and emotionally challenging aspects of the role. Decisions are made based on the best information they have, knowing there may be unintended consequences. One interviewee worked with a board that was not engaged at all. She tried all the typical ways to get them to show up to meetings, answer emails and attend events, yet nothing worked so she began to work around them.

What did this stance of deferral create? A dysfunctional organization that wasn't strategic, built-up resentment across board and staff, and allowed a culture of permissiveness that degraded the quality of service to the community.

Why Are Leaders Leaving?

"If you had a mentee who was just starting out and becoming an executive director, what advice would you give them? . . . I'd tell them to leave."

Executive directors are in positions that meet their career goals and interests, yet they aren't staying in the role.



While a wide range of organizations were represented in the Storied Awareness study, a majority of the participants led small organizations with a \$1 million budget or less. This is in keeping with the findings of The Urban Institute who found that 67% of registered nonprofits have budgets of \$500,000 or less.

These smaller organizations have professionalized their staff and structures, yet are not retaining their executive directors. Because these smaller organizations can only afford a certain salary and since the role may inadvertently hold a lower cache in the eyes of seasoned executives, these organizations often find themselves hiring first time executive directors to fill the leadership position. Inexperience and lack of support can result in significant disillusionment on the part of the executive director, and ultimately prompt them to leave the role. This is leaving small nonprofits with a leadership churn that is degrading their ability to do impactful, sustainable work in communities that need them.

Importantly, not all executive directors should stay in the role. Sometimes the leader is not a fit for the work or the organization, a mission shift is not aligned with the personal interests of the leader, life circumstances change and the leader makes a choice to depart, or the position is eliminated because of insurmountable financial challenges. In these types of situations, departures are best for both sides when the leader is able to move onto another role that better suits their skills and experiences.

We found that 23% of interviewees left their leadership role for what we call “positive and purposeful” reasons. In these cases the leader eagerly took a new position, the board and executive planned a leadership succession, the organization completed a planned sunset, or an organizational merger influenced a willing departure.

This left 77% of interviewees departing with some level of dissatisfaction.

Most Common Drivers of Dissatisfaction

Dissatisfaction can arise because of both non-influenceable and influenceable factors. Examples of non-influenceable factors are the experience level of the leader and board leadership, the current challenges being faced - both internal and external, and the personal and organizational histories being brought to the role.

When executive directors were dissatisfied & left their position, these were **the top three reasons for their departure***:



*Respondents were able to select more than one reason for departure.

The influenceable factors underlying the dissatisfaction with the isolation and lack of support in the role, inability to create a sustainable work/life balance and unrealistic board expectations fell into 5 categories:

1. Board of Directors Relations

Navigating board relationships is a common challenge, especially for new executive directors. Depending on the dynamics of the board, which I detailed in my [earlier blog](#), challenges may include low board support or mentorship, unclear board expectations, lack of transparency in hiring, or unclear strategic direction.

2. Unstable Finances

Financial challenges, ranging from inherited fiscal challenges to a lack of confidence in fundraising are common sources of stress for nonprofit leaders. While organizations should practice fiscal responsibility through regular review and discussion of audits and budgets, nearly 1 in 4 nonprofits do not meet with auditors to discuss results and fundraising was identified as one of the top three most important areas for improved performance, according to [BoardSource's 2017 Leading with Intent survey report](#).

3. Management Challenges

Staff management is also a consistent stressor for leaders. This often includes challenges managing organizational culture, dealing with interpersonal conflict and other seemingly insurmountable staff management concerns. One Storied Awareness interviewee summed up the burden of leadership like this:

“We expect them to be all things - fundraiser and chief program developer, financial manager, HR expert. So the breadth of expertise that is expected is so broad, but there's not necessarily a learning path that helps to build the skills.”

4. Mental Health

The importance of mental health cannot be understated, especially in the wake of the COVID-19 pandemic. Oftentimes, executive directors struggle with feelings of isolation, unhappiness with their work/life balance and feel overwhelmed or unable to manage oneself. These are common threads I hear from Storied Awareness interviewees.

“It always was, just let me get through these two weeks, let me remind myself to eat.” - Storied Awareness interviewee

5. Diversity, Equity and Inclusion

Navigating racial and social inequities across the board, staff and/or executive leadership teams is complicated and emotionally challenging work. And for many organizations, this is uncharted territory. Still, many executive directors recognize the importance of diversity and how it impacts their organization's performance. Yet, from 1994 to 2017, the levels of leadership diversity for nonprofits has remained largely unchanged, with people of color and ethnic minorities never representing more than 18% of board membership, according to [BoardSource's 2017 Leading with Intent survey report](#). I explain more about this important issue and offer a few pieces of advice and helpful resources in [my previous blog](#).

By understanding key challenges and areas of dissatisfaction, particularly those that are driven by influenceable factors, boards and executive directors can shift how they

respond to situations that arise during their tenure. This empowers leadership to identify opportunities and resources for professional development and can ultimately help organizations make better hiring decisions in the future.

Tipping Points for Retaining Leaders



Our leadership is struggling. The position is challenging. What can we do to make it better? The research has pointed to some critical tipping points that we can influence:

1. [Strengthen the partnership between the board chair and executive director.](#)
2. Provide leaders with [coaching support.](#)
3. Train leaders on how to manage culture and staff.
4. [Ensure leaders are able to navigate inequities across racial and social lines - or have the resources to find support for this work.](#)
5. Create a clear succession plan and path from day one.

We are currently developing deep-dive strategies and real-world actions to influence the tipping points outlined above and provide leadership with the tangible and intangible support they need to succeed, thrive and love what they do. For more information on where the work is headed, visit the Storied Awareness [service offerings](#) and [blog](#).