

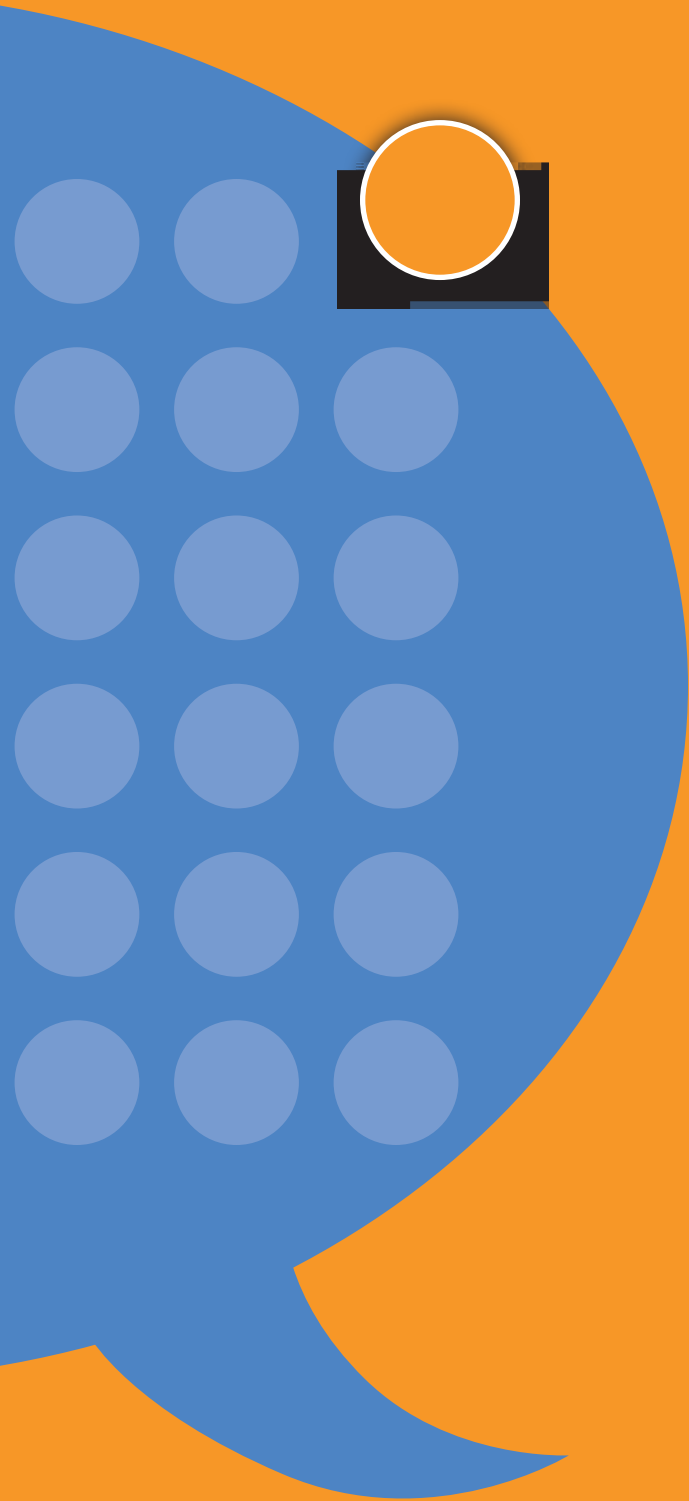


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## ACKNOWLEDGMENTS



# Ready to Lead?

Wanted to work with you, but I'm not sure if you're ready to lead.

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# Introduction

RECENT STUDIES SUGGEST THAT THE CHA

demand for new executives continues to grow.<sup>6</sup> A report by The Bridgespan Group, for example, indicates that by 2016 the nonprofit sector will need 80,000 new senior managers each year, 40 percent more each year than is currently required.<sup>7</sup> Demand pressures and a constrained supply will challenge nonprofit boards of directors and recruiters who must compete against government and business for talented leaders. The latter are often better bankrolled and can offer employment incentives that charitable organizations find difficult to match. This potent combination of demographic, economic, and cultural forces will likely affect the charitable sector for decades to come.

And yet, despite the disincentives to becoming a nonprofit executive director, our survey revealed a significant number of younger people who are willing, if not yet quite ready, to lead. This cohort is well educated, talented, and committed. We heard from many who could not see themselves doing any other kind of work, all the barriers and high expectations notwithstanding. Their commitment to their charitable missions, their previous negative experience of for-profit work, and other factors led them to pursue careers in the nonprofit sector.

The genius of this sector—what continues to attract so many to nonprofit careers despite the potential disadvantages—is its promise of meaningful work leading to social change. The challenge for those of us who care about the future of this work is to deliver on that promise. We can do so by lowering the barriers to nonprofit leadership and by expanding and nurturing the cohort of would-be executive directors. Chapter 3 of this report outlines steps that current executive directors, next generation leaders, boards of directors, nonprofit training and leadership capacity builders, and funders can take to increase and support the ranks of those who are willing and able to lead.

It might be, as some have argued,<sup>8</sup> that the market will, over time, adjust to any perceived shortage of nonprofit talent. With more openings in the leadership ranks, more young people will look to careers in the sector, and seasoned leaders will stay in their jobs longer. Some who have already retired will be tempted to return to work. Sector leaders will respond by creating new training programs and new incentives for charitable work. No doubt some or all of this will be true. Assuming, however, that the “buyers” in this talent market look a lot like the 6,000 respondents to our survey, we have a lot of work to do to make our “product”—the leadership of a nonprofit organization—more attractive than it currently is. Overwhelming fundraising responsibilities, long hours, sub-par pay rates, and meager consideration for retirement are not what will attract bright and talented people to nonprofit careers, however mission-driven they might be. We heard from a number of focus group participants about their desire to do good in whatever sector they found themselves. This sector agnosticism—a growing trend, in our view—works against the notion that the nonprofit sector will always have the upper hand in attracting those who are most strongly committed to advancing the public good.

The survey results described in this report tell us a lot about ourselves, and not all of it is flattering. The wisdom on the streets—confirmed to some degree by this study—is that we tend to undervalue nonprofit work and the people who do it. Even those of us who should know better sometimes fall prey to the notion that important charitable work can and should happen at a discount. This same idea animates the view that professionals who toil at nonprofits ought to work longer hours and for less pay than their for-profit counterparts. Where does this idea come from? Perhaps we’ve all heard too many charitable organizations promise that 100 percent of our donated dollars will support those who are most in need. Our desire to cut out the middle men—those who actually feed the hungry, house the homeless, and heal the sick—might also be rooted in the notion that acts of giving ought to be kept “pure.” The archetype of the charitable act includes a generous donor and a grateful supplicant. It leaves little room for the people who do the very hard work of delivering nonprofit services.

6 Chambers, et al., op. cit.

7 Tierney, op. cit., p. 13.

8 See *The Bridgespan Group* (The Bridgespan Group, 2006) for examples of this line of argument.

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This sector agnosticism—a growing trend, in our view—works against the notion that the nonprofit sector will always have the upper hand in attracting those who are most strongly committed to advancing the public good.

## This research suggests indicators of strength in the nonprofit leadership pipeline:

- One in three (32%) respondents aspires to be an executive director someday
- A higher percentage of respondents who definitely aspire to become executive directors are people of color
- Of respondents who do aspire to become executive directors, 40% reported that they are ready either now or will be within five years
- The pipeline consists of many highly educated and committed individuals who are gaining the skills and experiences necessary to successfully lead nonprofit organizations
- The nonprofit sector is viewed as a desirable place to work and to seek future employment by people interested in social change
- More than 50% of respondents who are currently in the pipeline are women

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Overall, people of color answered the question more positively than their white peers, with 10% more people of color responding either “definitely yes” or “probably yes.” Given the sector’s concern with the lack of ethnic diversity in leadership positions, this is an especially promising finding and an encouraging sign to those who are concerned that people of color might be dissuaded from becoming executive directors due to employers’ cultural incompetence, lack of professional development opportunities, or a supervisor’s inability to recognize their potential—all conditions that still exist in many organizations. We found another positive indication that the sector may soon see a shift toward more people of color in higher level positions: 75% of respondents reported that their organizations pay enough2ents r lelo (v)40(er)-20(sity in leawh)-1cogted thu:1ng or a s encomising otgn totaffng si WT an ped thecephat trds j promi40(er)20(dlpor)amon t of color ansilitrds amon tpeer p-1.304 Td[(with 1Alsogheted the stgn tlo) lack o

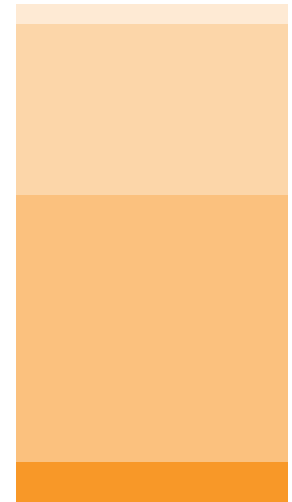
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Of survey respondents, 53% have an undergraduate degree, 35% also have a graduate degree, and another 4% have a doctorate. Also interesting to note, 10% of respondents have a degree or a certificate in nonprofit management or administration.

Formal education was also commonly referenced in the focus groups. Many participants were currently grappling with questions around education: When is it critical for career



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“To me the sector or the label matters less than the mission and the goals that I would be working to accomplish, and if that means that I can improve quality of life for low-income folks through legislation or

Beyond the more altruistic aspects of nonprofit work, respondents also feel that their organizations are doing a good job of developing them professionally. Because it is often assumed that nonprofits struggle to provide sufficient professional development opportunities, we were surprised that the majority, 87%, reported that they are learning and growing in their current positions. Activities such as workshops, training courses, and leadership development programs were mentioned by focus group participants as ways to continue to develop their skills. Another promising finding from the survey: 65% of survey respondents reported that their current organization provides them with regular access to professional development activities. Surprisingly, access to professional development was not correlated with organization size, even though one might assume that larger organizations have more resources to allocate to staff development. *Da..., L a. 2006* found that executive directors of larger organizations had more access to professional development than those in smaller organizations.<sup>11</sup> One possible explanation of this discrepancy might be that executive directors provide their staff more professional development opportunities than they allow themselves.

And for some, peer groups and mentorship provided them the support and encouragement that is just as critical to their success as the more technical—and often more readily available—skills-building opportunities. One person described how she formed a peer group this way, “I reached out to some fellow MSWs that I know and we just formed a group. [We discuss] what’s challenging about our jobs, where do we hope to go and that sort of thing, and after just one meeting I felt so much support that it was amazing. So, I kind of just created my own group. I asked our old CEO, how did you do it? How did you last? And that’s her thing. She had created a group in her 20s and those six women are still best friends. So I thought, ‘I’m going to give that a try.’”

Though not common among the majority, some participants found mentors in their current executive directors: “What makes me feel really happy about where I work is that I have a wonderful ED who is and has been mentoring me from day one.” Another said, “My executive director is very supportive of me. It’s something I’ve expressed an interest in and she really wants to nurture that.” For one person it was something she actively sought out as she job hunted: “One of the reasons I came to [my organization] is because I have the chance to work with someone who can serve as a mentor to me and can teach me everything that she knows and will continue to give me the information and the skills and develop me in the way that I need to be developed.” Though some participants talked about their success in finding mentors within their organizations, mentoring was not prevalent among focus group participants. More often than not participants discussed mentoring as something most people want but is difficult to find. This will be covered in more detail in the next chapter.

A significant number of respondents are turning to coaching as a professional development tool. Twelve percent (12%) of survey respondents reported that they have worked with a paid professional coach. In *Da..., L a. 2006*, which only surveyed executive directors, 25% reported having used coaching at some point and 8% were currently working with a paid professional coach.<sup>12</sup> This survey did not ask whether respondents paid for coaching services out of their own pockets or if they were provided a coach by their organizations. In either case, it suggests that more forms of professional and personal development are finding their way to non-executive level staff.

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11 Bell, Moyers, and Wolfred, op. cit., p. 23.  
 12 Bell, Moyers, and Wolfred, op. cit., p. 21.

## Respondents Under 25 Years of Age

A closer inspection of who these young people are and how they responded to our survey will be helpful to those recruiting on college campuses, designing youth leadership programs, developing service-learning programs, and looking for more effective ways to galvanize young people's commitment to social change work.

Respondents under 25 years comprise 20% of the overall sample.

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# Respondents 50 Years and Over

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UNFORTUNATELY, THE DATA DESCRIBED IN THE PRIOR CHAPTER DO not tell the whole story. A more thorough analysis of the survey data uncovers conflicting desires and reveals competing needs among next generation leaders making career decisions. Even in the face of leadership aspiration, participants describe a deliberation process marked by caution. Factors such as personal needs and family demands, salary and debt, and support and mentorship were weighed heavily. For many, the question is not whether to pursue a nonprofit leadership position, but under what conditions.

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THOUGH ONE IN THREE PARTICIPANTS RESPONDED FAVORABLY TO THE PROSPECT of becoming an executive director, another 30% answered unfavorably: eleven percent (11%) responded “definitely not” and another 19% “probably not” to the question “Do you want to be an executive director of a nonprofit someday?” We asked respondents to identify the reasons they would not pursue an executive position. Two of the top five reasons were related to the belief that one has to sacrifice work-life balance to be an executive director. This was corroborated in the focus groups: participants said frequently that being an executive director means, to them, making unacceptable personal compromises. The job of an executive director is notoriously marked by poor work-life balance—and it is not going unnoticed by those considering the position. Staff members see their executive directors putting in long hours, sending midnight emails and juggling the pressures of work and family. Though this issue is compounded for those with families—or who want to start a family soon—this poses a serious barrier to all who believe they should be able to have both a meaningful career and a healthy personal life.

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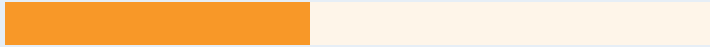
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ANOTHER DISINCENTIVE TO EXECUTIVE LEADERSHIP IS MONEY.

This study asked a series of questions about personal finances and how money factors into the broader question of whether respondents aspire to executive leadership. We were interested to know if respondents felt justly compensated in their current positions. We also wanted to know what they thought about their long-term financial outlook should they choose to stay in the nonprofit sector for the remainder of their careers. T

... Sixty-nine percent (69%) of survey respondents feel underpaid for the work they do in their current positions. This is exacerbated by the concern that if they stay in nonprofit jobs, they risk sacrificing lifelong financial health: 64% of respondents reported that they have financial concerns about committing to a career in the nonprofit sector.

Digging a little deeper, we asked what contributed to these concerns. Topping the list was the fear of not being able to retire comfortably. This was followed by the concern about supporting one's self and family and the anxiety of not being able to own a home. Here is how respondents ranked those concerns that were most significant to them.

Money issues frequently manifested themselves as a tension between competing priorities—the love of mission-based work and the need for financial security. Focus group participants spoke of foregoing luxuries that their friends could easily afford, having difficult negotiations with spouses, and even taking on second jobs to supplement their current salaries. And based on reports of low executive director salaries, it's not as though a significant salary increase is likely to accompany a promotion. Unfortunately, most don't expect that if they stick it out in the nonprofit sector their overall financial standing will improve once they get their next job. Perhaps most disheartening is the general belief that if you choose to become an executive director you do so fully expecting it to be a personal financial sacrifice.

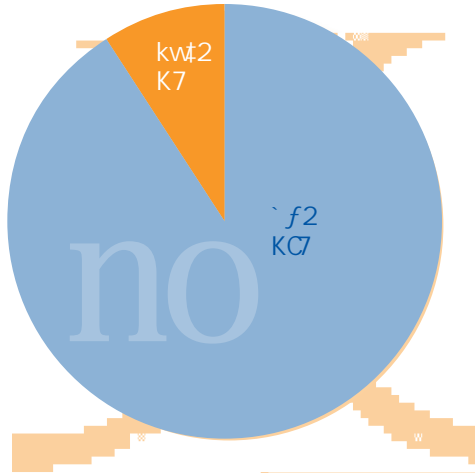
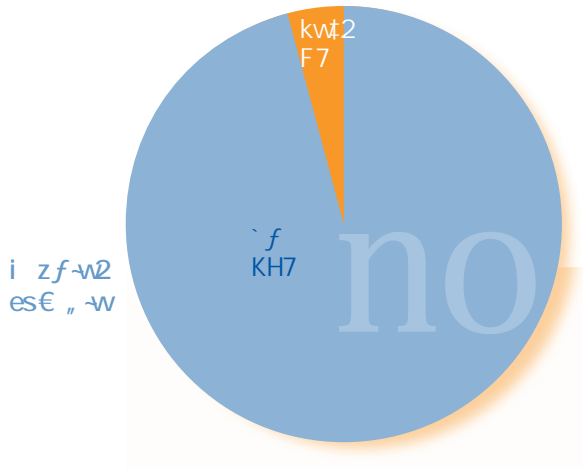
Participants also described dissatisfaction with compensation structures, noting that nonprofits seem behind the times compared to for-profit companies that employ compensation systems more effective at incentivizing performance. Some also expressed frustration that nonprofit culture discourages people from asking for more money and that those who do ask are perceived as less committed than those who don't.

In light of legislation recently signed into law that will forgive student loan debt for those who enter public service occupations,<sup>13</sup> and because our sample of next generation leaders is composed of many young people, we wanted to know whether student debt influenced respondents' responses. We found that among survey respondents, 44% are currently carrying

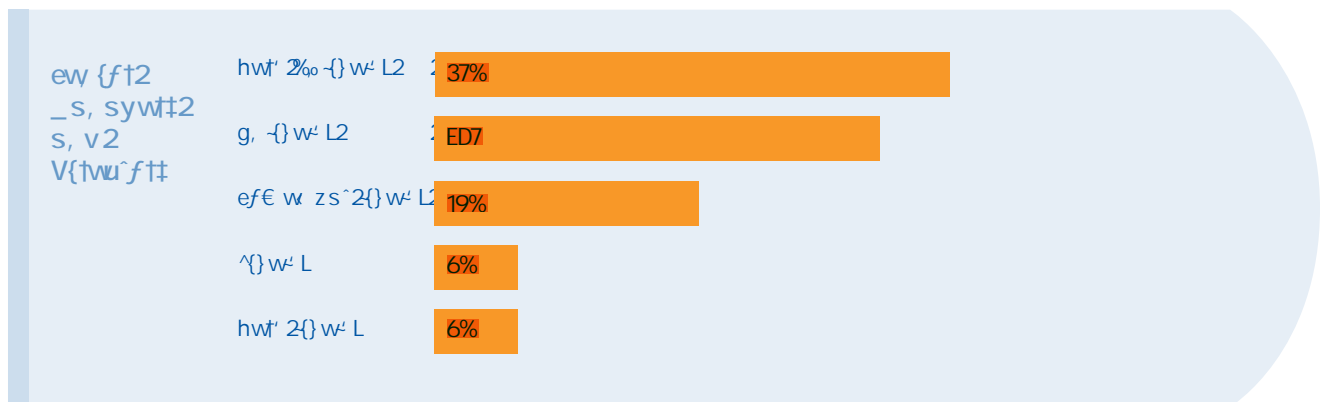
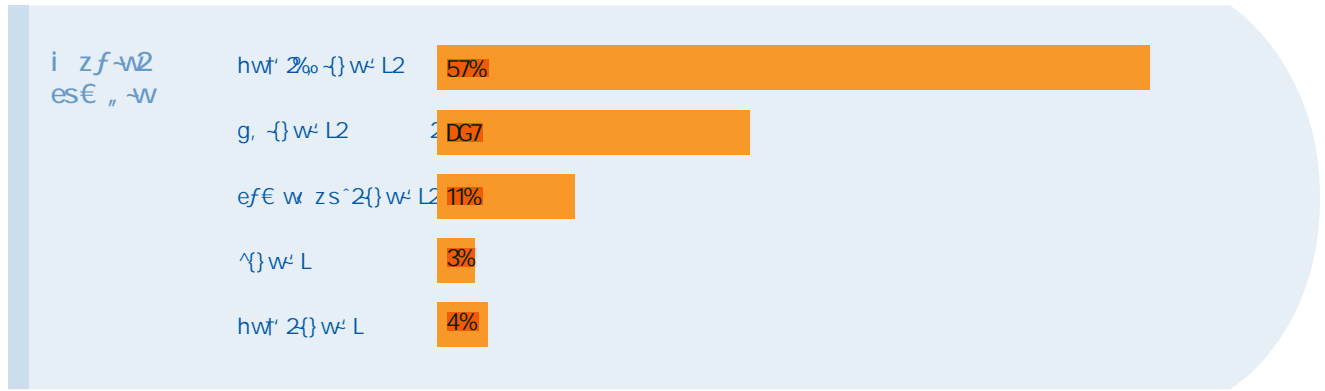
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AMONG THIS SURVEY'S RESPONDENTS, ONLY 4% REPORTED THAT THEY ARE explicitly being developed to be their organization's next executive director. Only 7% said that it is either "likely" or "very likely" that they will be their organization's next executive director.

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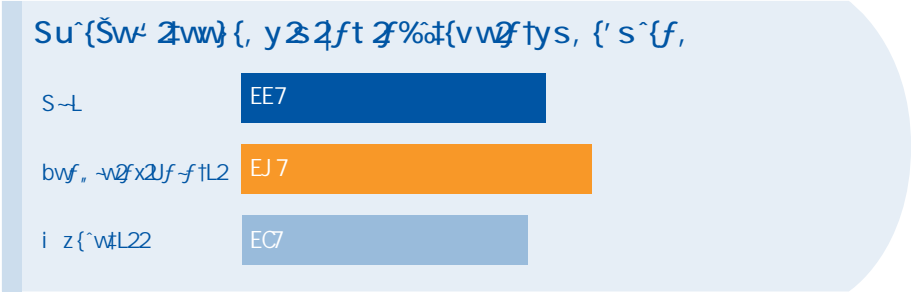
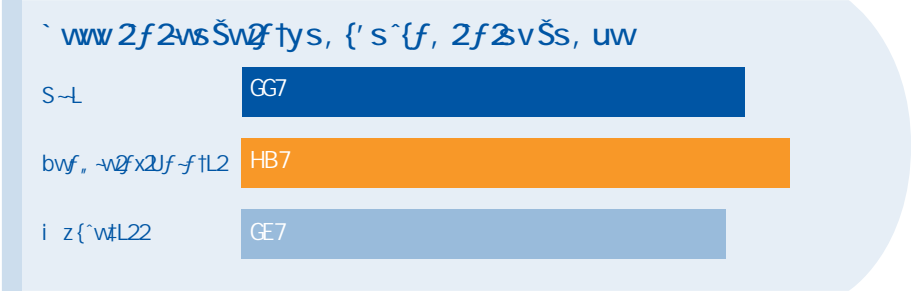
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Clear career paths and well articulated advancement strategies are other structural ways that nonprofits can support staff development. Next generation leaders welcome training and skill-building activities; however, more targeted training and leadership development programs aimed at preparing people specifically for executive positions is something that many desire but few have found. There is genuine frustration that no clear way to become an executive director exists. One person described it as a glass ceiling, not defined by race or gender but by position: “There is a glass ceiling within the sector. How do you get to that executive director position when you’ve been in so many senior leadership positions? How do you break through to that next level?”

A substantial number of survey respondents, 78%, as well as many focus group participants have prior work experience in the corporate sector where training and development were an integral part of their experience. This highlighted the lack of training they received upon transitioning into the nonprofit sector. One person summed it up this way: “What I’ve seen in the nonprofit world as a contrast to what I’ve experienced in the corporate world is a lack of mentorship and infrastructure in growing leaders. When I came out of school I joined a large company and it was, ‘Okay, you’re a junior engineer. We have senior people partnered up with you to show you the ropes, teach you how things are done.’” He went on to explain how he sees this as a shortsightedness embedded in nonprofit culture: “A lot of people have the mentality, ‘Well, we just don’t have time to do that.’ Wow, if you spent a little bit of time upfront with training and mentorship, you would get so much more efficiency and payback going forward.”

Another dimension of structural barriers to executive positions is the belief that a typical executive job description is unappealing. A number of factors contribute. One complaint is that executives carry an inordinate amount of responsibility on their shoulders with little to no support from others: “That’s honestly my biggest fear, is that it would be a lonely position that you can’t be weak at. I mean, there’s no opportunity to ever show weakness, and then when you go home at night, it’s all on you.”

The belief that executive directors are solely responsible for the financial sustainability of their organizations and therefore the livelihood of their staffs is also too daunting for many

people. It is not that they shy away from responsibility in general, but that they do not want to be set up for failure. We often see this articulated as a dislike or fear of fundraising. This is not a universal sentiment, but it is a common one. We heard from focus group participants that

# Recommendations to Current Executive Directors, Next Generation



leadership of the entire nonprofit sector—and encourage other executive directors to do the same. Focus group participants in this study commented frequently on the difficulty of finding mentors. An important caution: younger employees may be searching for mentors, but also don't want to be patronized or molded into the image of the preceding generation. They are eager to be treated as colleagues and given meaningful work.

### **Be a good role model**

As they consider whether or not to become an executive director, next generation leaders are heavily influenced by how they see current executives doing the job—and what they see is often negative. Seventeen percent (17%) of nonprofit respondents said their current executive directors are usually not or definitely not good role models; another 21% said their executive directors are good role models only sometimes. After fundraising responsibilities, sacrificing work-life balance

and ask for support. Some of this may need to be done on your own time or even with some of your own money, but might be essential. Don't assume that your organization has no money for professional development—you won't know unless you ask.

### **Develop broad management expertise**

Next generation leaders will be of greater value to nonprofits—and thus more likely to be chosen for greater leadership responsibility—if they develop a broad base of practical management skills including budgeting, grant-writing, and supervision. In fact, developing these skills was the most often cited “to-do” by survey respondents who aspire to executive leadership someday. Embracing such responsibilities—rather than dismissing them as administrative—puts you closer to the “engine” of the organization. It gives you direct involvement in critical decisions such as how money gets raised and spent and who gets hired and fired. In building management skills right alongside programmatic skills, next generation leaders should do away with the outdated nonprofit tendency to pit program against management.

### **Join a board**

Just 30% of participants in this study have served on a nonprofit board of directors. The other 70% are missing out on an ideal way to prepare themselves for nonprofit leadership. On a board of directors, you can learn to fundraise, hire and evaluate an executive director, and authorize an annual budget—responsibilities that may still be out of reach in your day job. Moreover, serving on a board will give you direct access to other leaders of all types and ages whom you might otherwise never meet. These board colleagues can be sources of mentoring and even referrals to new job opportunities. Board service is an entirely legitimate part of your resume and should not be overlooked as a means to building your career in the sector.

### **Find a mentor**

You need to have someone who will help you understand how they managed their career so that you can learn how to manage your own. Times may be different, but having a mentor who can introduce you to people, give you strategic career advice, and help you learn from his or her mistakes is critical. Mentors don't have to be in your organization. Look around your community. Who do you think is doing interesting work? Who inspires you? Approach these people and develop a relationship. Sometimes being a mentor can feel like a big step for people, so ask them to have coffee with you regularly and develop a relationship before popping the mentor question.

### **Work with a coach**

While a mentor can help build your network and give advice, a coach can build your skills and help develop a personal strategy. The use of executive coaches has been commonplace in the business sector for many years and the practice has now taken hold in the nonprofit sector. Coaches can help you work on specific developmental skills as well as work on organizational challenges you might be facing.

### **Recognize and respect generational differences**

Stop saying they just don't get it; maybe it's that you don't get it. Generational differences are profound and you should recognize that as hard as it is for you to work across generations, it may be equally difficult for your older colleagues. While the constant reminder of what Baby Boomers sacrificed and what they did back in the day might be annoying for you to hear, constantly reminding them of how great you are and how you work differently might be equally annoying to them. Stop fighting the generational war and try to get on the same side. This is an opportunity to lead. When you recognize generational difference, find a way to have that conversation with others in your organization that keeps the focus on the work rather than on individuals. You're all working towards the same goal, but may be going about it differently.

# Boards of Directors

Pay reasonable salaries and provide benefits

The financial anxiety about committing to nonprofit work expressed in this report should be

peril. If the next generation is “sector-agnostic,” do your classes and programs really work for an audience of nonprofit veterans and recent “sector bridgers?” If the next generation wants to lead from wherever it’s sitting now—rather than waiting to be anointed by an outgoing founder—do you provide leadership training for non-executive directors? Does your use of technology in program delivery consist of PowerPoint lectures and fundraising software demos? To help guide the generational handoff, rather than be made obsolete by it, capacity builders will have to review and revise based on careful and ongoing listening to a changing client base.

## General leadership programs are important, but respondents to this survey repeatedly mentioned specific “hard” skills they felt they needed to prepare for executive leadership, including finance and fundraising. In fact, developing these skills was the most often cited “to-do” by survey respondents who aspire to executive leadership someday. The field needs a balance of management and leadership programming targeted specifically to future executives.

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## Next generation leaders need to develop a supportive peer network, but they also need the opportunity to make connections and build relationships with established community leaders, including civic and government leaders, funders, consultants, and veteran nonprofit executives. Training and leadership development programs should be designed with that in mind.

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## Nonprofit leaders often say, “We want to develop leadership, but funders won’t pay for that.” Grantmakers and government contractors should invest in leadership programs directly or support scholarships for grantees to participate. Funders should also invest in their core grantees by supporting succession planning and transition management, coaching, and other kinds of professional development. This can take the form of leadership development and organizational development grants, as well as flexible operating support for organizations.

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### Recognize that your success and your grantees’ success are linked. Have the conversation with grantees about succession planning, leadership development, salaries, and benefits—and be prepared to ante up a solution. Opening the door to this conversation can begin to change the funder-grantee relationship from a transactional one to a deeper partnership concerned with the long-term health and impact of the organization.

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### Avoid behaviors that may be making things worse for nonprofit organizations and their leaders. In *Da* , *L a* 2006, the challenge of accessing institutional capital was one of the leading causes of executive burnout. And among next generation leaders in this study, an aversion to fundraising was the primary reason people gave for not aspiring to executive leadership. Re-examine grantmaking practices that may be contributing to the underinvestment in human capital. Consider building increases into multi-year grants to account for inflation and staff salary increases. Provide flexible support when necessary, and allow for higher overhead. Help nonprofits transform themselves into organizations that next generation leaders want to lead.

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# Resources

## Selected Books, Articles, Publications, and Research

Adams & Associates and Management Performance Concepts. (2003). *Community Based Organizations and Leadership: A Survey of Annie E. Casey Community Based Grantees*. Baltimore.

Bell, J., Moyers, R., & Wolfred, T. (2006). *Doing Well by Doing Good: A National Survey of Nonprofit Leaders*. San Francisco: CompassPoint Nonprofit Services & Meyer Foundation.

Cryer, S. (2004). *Reclaiming the Nonprofit Sector: Leadership in the New York: The Initiative for Nonprofit Sector Careers*.

Halpern, R. P. (2006). *Work and Leadership: A National Survey of Grantmaking Organizations*. Kansas City, MO: American Humanics.

Kunreuther, F. (2002). *Grantmaking Organizations: Impact on the Community*. New York: Building Movement Project.

Kunreuther, F. & Corvington, P. (2007). *Nonprofits: Building a New Culture*. Baltimore, MD: Annie E. Casey Foundation.

Light, P. (2003). *Thinking About the Social Work*. Washington DC: The Brookings Institution.

Salamon, L. (2002). *The State of Nonprofits*. Washington DC: Brookings Institution Press.

Solomon, J. & Sandahl, Y. (2007). *Supporting the Organization: A Research Report on Grantmaking*. Young Nonprofit Professionals Network.

Teegarden, P. (2004). *Nonprofit Leadership: A Survey of 2004*. Silver Spring, MD: Managance Consulting.

Tierney, T.J. (2006). *The Nonprofit Sector's Leadership Development*. San Francisco: The Bridgespan Group.





identify successful practices, conduct research, evaluate current leadership efforts, and exchange information and tools. Through its website and regional and national meetings and learning opportunities, LLC generates and disseminates knowledge to promote effective leadership support and development.

### **The Meyer Foundation**

### **About The Annie E. Casey Foundation**

The Annie E. Casey Foundation is a private charitable organization dedicated to helping build better futures for disadvantaged children in the United States. The primary mission of the Foundation is to foster public policies, human service reforms, and community supports that more effectively meet the needs of today's vulnerable children and families. In pursuit of this goal, the Foundation makes grants that help states, cities, and neighborhoods fashion more innovative, cost effective responses to these needs.

### **About CompassPoint**

CompassPoint Nonprofit Services is a nonprofit consulting, education, and research organization with offices in San Francisco and Silicon Valley, California. Through a broad range of services and initiatives, CompassPoint serves nonprofit volunteers and staff with the tools, concepts, and strategies necessary to shape change in their communities. In addition to training and consulting in leadership, nonprofit strategy, finance, fundraising, governance, and executive transition management, CompassPoint frequently publishes books, articles, and research reports on topics of relevance to nonprofits, funders, and capacity builders. For more information, visit [www.compasspoint.org](http://www.compasspoint.org).

### **About the Meyer Foundation**

The Eugene and Agnes E. Meyer Foundation works to develop the Washington, DC region as a community by supporting capable, community-based nonprofit organizations that foster the well-being of all people in the region. Founded in 1944 by Eugene Meyer, an owner and publisher of The Washington Post, and his wife, Agnes Ernst Meyer, the foundation accomplishes its mission by identifying visionary and talented nonprofit leaders, making early and strategic investments in nonprofit organizations, building the capacity of its grantees, and promoting a strong and influential nonprofit sector. In 1994, Meyer established the Nonprofit Sector Fund, which includes cash flow loan and management assistance programs and grants to strengthen Greater Washington's nonprofit sector. For more information, visit [www.meyerfoundation.org](http://www.meyerfoundation.org).

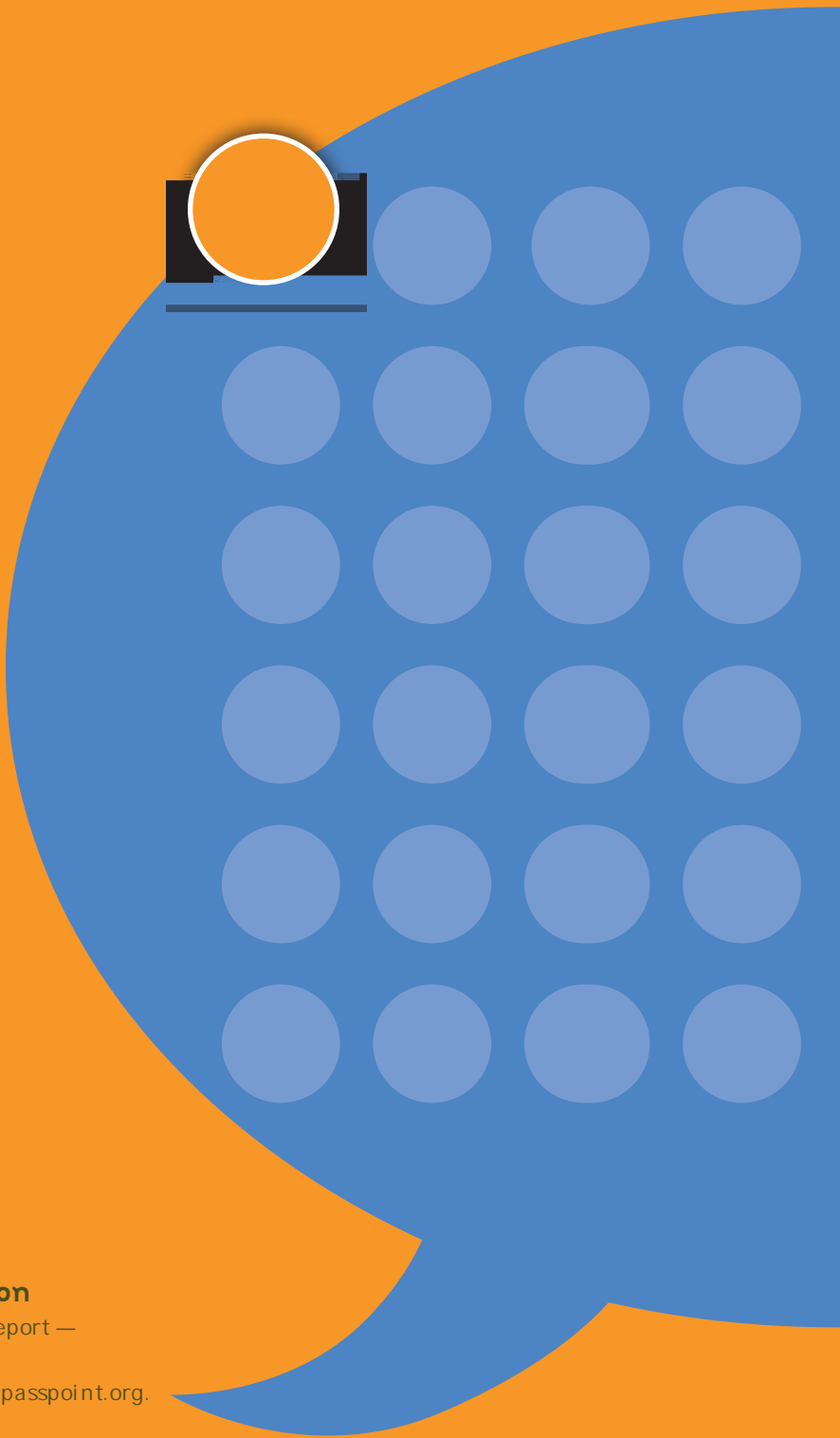
### **About Idealist.org/Action Without Borders**

Action Without Borders connects people, organizations, and resources to help build a world where all people can live free and dignified lives. AWB is independent of any government, political ideology, or religious creed. Our work is guided by the common desire of our members and supporters to find practical solutions to social and environmental problems, in a spirit of generosity and mutual respect. The Idealist website regularly lists over 7,000 job vacancies and 11,000 volunteer opportunities at nonprofit organizations in 190 countries and provides online tools for nonprofit professionals and community members to learn best practices and create their own informal networks for community work. For more information, visit [www.idealists.org](http://www.idealists.org).

### **Further Research and Leadership Programming**

To inquire about replicating this research or developing related leadership development programming, contact Marla Cornelius at CompassPoint Nonprofit Services at [marlac@compasspoint.org](mailto:marlac@compasspoint.org).





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