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## Dear Colleague,

Welcome to the premiere edition of our newsletter! CIC's mission is to help nonprofits excel. We design innovative strategies to help nonprofits increase their resources, maximize opportunities and achieve their vision for a better world.

Through our newsletter, CIC will bring you the latest information about important trends affecting the nonprofit sector, including information about new resources and strategies to enhance your work. Visit our website often to access new information and tools, and don't forget to join our e-newsletter list and tell your colleagues about this valuable resource.

*Wishing you much success!*

Elsa A. Ríos, President  
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## The Leadership Journey



### *What Executive Directors Have To Say About Their Jobs*

According to a national study of nonprofit leaders, **35% of Executive Directors (EDs) plan to leave their positions within two years.** The study conducted by CompassPoint analyzed the survey responses of 1,072 EDs from various regions of the country.

Among the leading factors associated with low ED job satisfaction and turnover were: high levels of job stress, concerns about agency finances, fundraising pressures, understaffing, limited infrastructure and low compensation.

Against this backdrop, only half of the EDs surveyed said they planned to assume another ED position in the future and less than half had identified potential successors among their staffs. ***Are we burning out our nonprofit EDs and creating a leadership vacuum?*** And what are the long term consequences? There are more than 1.6 million nonprofits in the U.S. and a substantial number are connected to broader social change efforts. Thus, high ED turnover has the potential to adversely impact not only individual organizations but also, entire social change movements.

#### ***Attending to ED Training and Support Needs***

Sixty-five percent (65%) of survey respondents were first time EDs, a group likely to benefit from training and other forms of support that can promote skills development and boost ED confidence. In fact, the study found a high correlation between greater ED job enjoyment and higher skill levels (self-reported), suggesting that one way to improve ED job satisfaction is to promote skills development.

When EDs were asked to pinpoint their greatest training and support needs, they identified the following priority areas: 1) Help with board development, 2) Opportunities for peer networking, 3) More time to think and plan, 4) Coaching and mentoring, 5) Building fundraising capacity, 6) Relationship building with funders and, 7) Time away from their jobs (e.g. sabbaticals).

#### ***Building Leadership Capacity***

These findings demonstrate the need to make significantly greater investments in supporting and sustaining our nonprofit leaders. Building executive leadership capacity must be viewed as a cornerstone strategy for the development of strong nonprofit institutions, and will require even stronger partnerships among EDs, boards and funders.

**Boards of Directors** must invest in board development training and work to build a board membership that understands its governance role, holds its members accountable and actively works to support the executive director and the organization's mission. Boards must also actively monitor executive job satisfaction, provide support and constructive feedback to the ED and work to achieve satisfactory executive compensation.

**Funders** must make greater investments in supporting executive coaching, leadership skills training, executive transition planning and leadership development for young and emerging leaders. Funding to support sabbaticals and professional development for executive directors is also needed.

**Executive Directors** must come to view their management and leadership skills as important assets to their organization which require ongoing development and refinement. Obtaining executive coaching, pursuing training opportunities and engaging in regular dialogue with other EDs will help nonprofit leaders enhance their skills, gain perspective and learn new problem solving strategies. EDs also have a responsibility to plan for the organization's future by helping to develop a new cadre of leaders. Through these efforts, the nonprofit sector can cultivate happier, better trained and insightful leaders capable of navigating the complex challenges faced by nonprofits today.

To access the CompassPoint report entitled *Daring to Lead: Nonprofit Executives Directors and Their Work Experience*, visit [www.compasspoint.org](http://www.compasspoint.org).

## Foundation Giving Trends



### Funding Increases in 2005

According to the Foundation Center, an estimated 32.4 billion was dispersed in 2004 by the nation's 66,000 independent, community and corporate foundations, representing a 4.1% increase in funding from the prior year (adjusted for inflation). In 2005, 55% of foundations plan to increase their giving, 20% will provide level funding and approximately 25% expect to reduce giving. Overall, foundation assets have begun to rebound and climbed 9.5% to \$476.7 billion in 2003 (latest figures available), but have yet to reach the all time high of \$480.1 billion set in 2000.

What do we know about the funding priorities of U.S. foundations? The most recent data available is for the year 2003 and indicates that educational and health organizations received close to half of all available funding, as shown in the table below:

#### FOUNDATION GIVING TRENDS: Causes Supported by Foundations

Area	Dollar Amount	Percent	Number of Grants	Percent
Arts and Culture	1,790,269,000	12.5	17,881	14.8
Education	3,505,713,000	24.5	24,531	20.3
Environment & Animals	892,321,000	6.2	7,393	6.1
Health	2,798,070,000	19.5	14,604	12.1
Human Services	2,232,212,000	15.6	30,960	25.6
International Affairs & Development	360,802,000	2.5	2,562	2.1
Public & Society Benefit *	1,825,760,000	12.7	15,674	13.0
Religion	340,003,000	2.4	3,498	2.9
Science & Technology	346,708,000	2.4	2,178	1.8
Social Science	218,886,000	1.5	1,334	1.1
Other	12,647,000	0.1	106	0.1
<b>Total spending:</b>	<b>14,323,389,000</b>	<b>100</b>	<b>120,721</b>	<b>100</b>

\* Includes civil rights and social action, community improvement, philanthropy and volunteerism and public affairs.

Note: Totals may not add up due to rounding. Figures are for most recent data available (2003).

Brennen Jensen, "Rise in Foundation Giving Expected to be Small This Year, Report Says," *Chronicle of Philanthropy Website* 14 April 2005, 22 May 2005 <<http://philanthropy.com/premium/articles/v17/i13/13001101.htm>>

### Promising Developments

Some encouraging news is that foundations have increased their general operating support funding. In 1999, general operating support accounted for only 13.3% of funding while as, in 2003, general operating support had risen to 21.8% of total foundation giving. Another promising trend is that key foundations are paying out a higher percentage of their assets than the 5% minimum required by law. A mere 1% payout increase to 6% can translate into millions of dollars in additional funding for nonprofit organizations.

For example, the Annie Casey Foundation is now distributing an average of 7.5% of its assets each year representing roughly 170 million in funding to nonprofits last year alone.

The above articles were written by Elsa A. Ríos, President  
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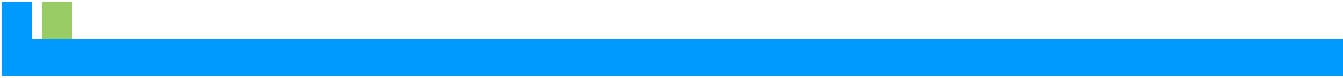
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The Foundation Center, *Foundations Today Series 2005 Ed., Foundation Giving Trends: Update on Funding Priorities* (New York: The Foundation Center, 2005).

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Brennen Jensen, "Rise in Foundation Giving Expected to be Small this Year, Report Says," *The Chronicle of Philanthropy Website* 14 Apr. 2005, 22 May 2005 <<http://philanthropy.com/premium/articles/v17/i13/13001101.htm>>.

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