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So, You Want To Be a Non-Profit Executive? **--Some Thoughts from the Encore Committee--**

Many local government managers may wish to consider a senior executive position in a non-profit organization as an energizing encore opportunity. This "how-to" paper explores the advantages and disadvantages of serving as a non-profit executive, approaches for seeking such a position, and available resources.

What's the "why"?

While City and County Managers and other local government executives have many of the skills required for successful non-profit management, the big "why" for managers is that non-profits typically focus on an important cause such as environmental sustainability, affordable housing, children's health, domestic violence prevention, and social justice. As a result, non-profit work provides an opportunity to find great meaning and purpose around a particular person issue or passion.

As Peter Drucker once stated, those of us at mid-life often want to "move from success to significance." Depending on your interests and passions, serving in the third sector may help you craft an energizing and purpose-driven encore.

The Opportunity

Alexis de Tocqueville recognized that America is unique in the abundance of voluntary groups and not-for-profit organizations of all kinds. All these groups need management expertise to achieve their missions. Non-profit agencies offer an organizational environment for encore managers to use their skills to make a difference.

Comparable Skills

The good news is that senior executives in local government have many of the skills required for non-profit management. We know how to:

- ✓ Manage diverse programs and complex operations
- ✓ Prepare and manage budgets and handle the financial affairs of an organization
- ✓ Build relationships and effectively interact with governing boards

- ✓ Supervise staff
- ✓ Collaborate with outside government agencies and community-based organizations
- ✓ Communicate effectively with internal and external audiences
- ✓ Seek and manage grants
- ✓ Leverage organizational resources to achieve goals and get things done

Other Similarities

In addition to the comparable skills sets, the management of local governments and non-profit organizations are in some ways parallel universes:

- Hard work but great potential for making a difference and building community
- Ever-changing policy makers in constant need of attention, often with strong personalities that can create conflict and divisiveness
- Evening meetings (particularly if Board members work)
- Constant struggles to make the budget work (on both the expense and revenue side)
- Compensation that varies based on geography

Different Kinds of Non-Profits

There are all kinds of non-profit organizations. We have identified several general categories recognizing that there is much overlap (for instance, some advocacy groups also provide services). The categories include:

Community Service Organizations

Some examples are the YMCA or YWCA, Boys and Girls Clubs, Family Services Associations, Child Welfare Leagues, Mental Health Associations, and transitional shelters for the victims of homelessness or domestic violence. The primary mission of these organizations is to provide community-based services and programs.

Advocacy Groups

Advocacy organizations involve associations such as the Sierra Club, Legal Defense Funds of all kinds, AARP, NAACP, affordable housing or mental health coalitions, environmental law or animal rights groups. Their primary purpose is legislative or regulatory advocacy. Many advocacy groups like AARP or the Sierra Club also provide a range of services for "members" (i.e., those who make financial contributions to the organization).

Membership Associations

Membership organizations are typically designed to connect people around a particular profession or special interest and to serve the needs of the members who join. Examples include chambers of commerce, professional associations, trade associations and member-based service organizations (such as Rotary, Kiwanis, Civitan, Soroptimist International and Zonta). Membership organizations can be for-profit or non-profit, and they may be involved in political

advocacy (except for charitable non-profits which are restricted from political advocacy by federal law).

Foundations

Foundations are non-profit organizations created to raise and distribute monies to address specified societal challenges, such as health, environmental, immigration or women's issues. As one example, the James Irvine Foundation provides grants to non-profit organizations to expand educational opportunities for low-income youth, promote engagement in the arts, and advance public policy decision-making in California.

The Five Big Differences

Non-profits come in all sizes. Most are small, with annual budgets of under \$1,000,000. A non-profit with a budget of \$10,000,000 or more is generally considered large. And of course some national and international organizations are very large.

Regardless of size, there are some big differences in managing non-profit organizations vs. local government agencies. The five differences include:

1. Fund-Raising

Unlike public sector agencies, many third-sector organizations have no dependable and ongoing source of funding. As a result, most non-profits are dependent on individual, corporate, foundation, and/or government fund-raising. (Some non-profits may have a significant portion of their budgets tied to government contracts.) They are always seeking monies from all kinds of groups and supporters to maintain and expand services.

Overseeing fund-raising and engaging Board members in fund-raising activities is a common responsibility of the chief executive. Some Board members may want to serve and support the purpose of the organization without getting involved in raising funds. However, successful non-profits typically require Board members to give personally to the organization and/or contribute money from their companies, because it is difficult to attract major donors or foundation support if the Board of Directors is not providing significant financial support to the organization.

The degree to which the chief executive must be “hands on” in fund-raising depends on the size of the organization. Larger organizations will typically have development directors and other fund-raising staff. In any case, every chief executive is expected to be actively engaged in identifying and cultivating donors and in making direct asks for support. It is also common for the chief executive to be actively involved in identifying and securing grants.

If you find this focus on fund-raising to be stressful and distracting, certain non-profits may not be a good fit. A critical question is: How passionate are you about the work of the organization? If you are passionate, one way to approach fund-raising is to think of it as sharing your passion with interested others who may wish to support the work of the organization.

2. Volunteers

Another big difference is that non-profits may rely more on volunteers to serve clientele or act as an extension to paid staff. The good news is that effective volunteer management is similar to the effective management of paid staff. Successful non-profit organizations invest time and energy training and orienting their volunteers, then providing appropriate supervision and guidance so they can be successful. Volunteers tend to be enthusiastic and committed to the organizational mission and goals. To keep them enthusiastic and committed, non-profit leaders regularly recognize and reward volunteer contributions, elicit feedback on ways to improve programs and make the volunteer experience more rewarding, and connect with volunteers on a personal level.

It's been said that you can't fire a volunteer, but in fact there are times when it is necessary to do so. Transitioning volunteers requires the same diplomacy and tact required for paid staff separations.

3. Lean Budgets

While some non-profit agencies are well-funded and are sophisticated organizations, many are shoe-string operations. They may not have a lot of administrative support, strong IT systems, or ample staff. Local government managers transitioning to the non-profit world may miss the organizational infrastructure and resources they used to have.

Because of the uncertainties of fund-raising and the ebb and flow of revenue, non-profit executives must pay careful attention to cash flow (an issue that most City Managers do not need to address). Financial reporting to the Board of Directors tends to be more frequent in non-profits, often monthly. A line of credit may need to be secured from a local bank for cash flow purposes. Chief executives pay close attention to every-day expenses, as well as the timing for anticipated revenues from grants, fees for service, and fund raising activities.

To further exacerbate the instability on non-profit finances, government agencies and foundations often have little long-term commitment to non-profits and often change their focus on programming and funding, further leading to financial vulnerability.

4. Large Volunteers Boards

The Board of Directors for a community non-profit tends to be larger than a City Council or Board of Supervisors. The number of Board members averages between 11 and 25, but could be even higher. Directors may be elected (as in the case of member associations and advocacy groups) or recruited to join the Board by the chief executive or other Board members. Some larger organizations have both a Board of Directors (which is responsible for overall governance) and an Advisory Board (to provide input and expertise on policy or other matters). This is a very different dynamic than working for a group of 5 or 7 elected officials. It is difficult to cultivate the type of relationship you had with your City Council with so many board members.

Roles and responsibilities of Board members should be clearly articulated, and typically include establishing the strategic direction for the organization, approving the annual budget and audit, authorizing the annual filing of IRS documentation (to maintain tax exempt status), approving major expenditures, approving fund-raising activities, and receiving regular reports on the financial and operational aspects of the organization.

The care and feeding of a Board of Directors is similar to the care and feeding of elected officials. Board members want to be kept informed, and they want to feel they are making a meaningful contribution and are valued by the organization. Successful nonprofit organizations use strategic planning to create operational stability and reduce the influence of individual Board member personalities.

5. Lower Compensation

Just like the for-profit and local government sectors, salaries at nonprofits vary depending on the part of the country in which they are located. Charity Navigator produces an [annual report of nonprofit CEO compensation](#) by region. The 2014 report shows median compensation of \$120,000 in the US. As a general rule, salary for non-profit chief executives is lower than that for local government executives, and benefits are significantly lower. Such is the consequence of leaner organizational budgets. However, non-profit salaries are typically more than adequate to supplement a pension. (One way to seek recognition for this lower level of compensation is to ask for enhanced vacation time, giving you more freedom in your encore career.)

The Pluses

Managing non-profit organizations offer many advantages for encore managers. In addition to great purpose and meaning, they include the following:

- ✓ Governing Board members tend to be less involved in the organization's day-to-day operations, thus minimizing micro-management by Board members.
- ✓ Board meetings are conducted monthly or quarterly, sometimes in the day-time.
- ✓ Non-profit causes tend to attract enthusiastic volunteers who support the organization and many staff members who join the agency because of their beliefs and passions.
- ✓ There tends to be fewer divisive issues and conflicts that often dominate local government.

The Minuses

Any encore opportunity has some downsides. The key negatives may include:

- ✓ The constant fund-raising and financial volatility
- ✓ The "care-and-feeding" of volunteers
- ✓ Lower salary and benefits than those in local government
- ✓ Insufficient staffing due to limited financial resources

In addition, serving as an executive for a non-profit requires a major time and energy commitment. Do not expect to give less than 100%; it may be your encore but it is the main event for the agency's staff, board and program participants. Full or almost full-time employment as a non-profit executive may very well limit one's ability to create a diverse portfolio of experiences and activities as part of one's encore, including refocusing on key relationships, wellness and health, leisure and travel.

Other Issues

Non-profits are often more dependent on individual high-value employees. Therefore, it may be hard to walk away from your position if you are a retired local government executive who brings great value to the organization. In other words, at some point, you may wish to leave your encore manager position but feel much pressure to stay.

Former government executive employees will have to be diligent in avoiding a perceived conflict of interest if their new non-profit organization seeks funds from their former public employer.

On one hand, third sector organizations may not have the same high level of policies, procedures and organizational infrastructure, so you may find some non-profits frustratingly slow or relatively unprofessional in their practices. On the other hand, it can be refreshing to make decisions that are not encumbered by so many policies, procedures and decision-making approvals.

Getting Ready

Like any other encore opportunity, you will need to prepare for the opportunity and position yourself to take advantage of it. While you do not need to become a subject matter expert on the issues that the non-profit addresses (e.g., immigration, animal rights), the Board making the hiring decision will value your exposure to and interest in those issues. Volunteer experience with the agency may also be a plus.

If you are attracted to a non-profit service or advocacy area or a particular organization or two, here are some ideas to get ready *before you leave your full-time local government manager position* or during the first six months after exiting:

1. Study the issues(s) that you would like to address
2. Volunteer for an organization that is involved in the issue(s)
3. Get on a Board or advisory committee for a non-profit that is aligned with your interest
4. Enroll in a related training course or workshop offered by an agency or affiliated group
5. Identify specific people in your community or professional network with links to the related non-profits or grow your network to include relevant contacts

6. Conduct several informational interviews or even job shadow a non-profit executive in your community or adjacent community
7. Talk to non-profit recruiters to get an assessment of your fit and competitiveness for various organizations
8. Consider taking a position as an interim executive with a non-profit (if you are not currently working)
9. Get a peer coach (a former City/County Manager with non-profit experience or an Executive Director of a local non-profit organization)

Peer Coaching

If you'd like to pick the brains of a local government manager who has had non-profit management experience, go to the Cal-ICMA website at www.cal-icma.org and click on "Senior Manager/Encore Manager Program" and then "Resources." Several of the peer coaches have non-profit experience:

- Arne Croce
- Les White
- Greg Larson
- Gene Rogers
- Kevin O'Rourke
- Cathy Standiford

Job-Seeking Resources

Job boards which post non-profit management positions include:

- www.idealists.org,
- www.encore.org
- www.opportunityknocks.org (click on "Job Seekers")
- www.commongoodcareers.org (click on "Get Hired")
- www.bridgespan.org (click on "Non-Profit Jobs Board")
- www.asaecenter.org (click on "Career")

A number of executive recruiters specialize in non-profit opportunities. For example, encore managers may wish to contact any of the following firms:

- m/Oppenheim Associates at www.moppenheim.com
- The Olive Grove Executive Search at www.theolivegrove.com
- The Moran Company at www.morancompany.com

Moreover, let executive recruiters who specialize in local government placements know of your interest in non-profit work since they often stumble upon these kinds of opportunities.

Other Resources

There is a variety of general non-profit management resources, such as:

Center for Nonprofit Management
www.cnmsocal.org

Boardsource (a resource for non-profit governance and best practices)
www.boardsource.com

Gianneschi Center for Non-Profit Research at CSU Fullerton
Summer School for Non-Profits
<http://business.fullerton.edu/centers/gcnr/nonprof>

CalNon-Profits
www.calnonprofits.org

The Bridgespan Group
www.bridgespan.org

CompassPoint
www.compasspoint.org

[American Society of Association Executives \(ASAE\) and the Center for Association Leadership](http://www.asaecenter.org)
www.asaecenter.org

The book *The Will to Govern Well: Knowledge, Trust and Ninbleness* (by Glen Tecker, Paul Meyer, Leigh Wintz and Bud Crouch) is an excellent primer on the challenges facing non-profit organizations and the governance roles of boards and chief executives. The book is published by The Center for Association Leadership.

Encore Committee Resources

To support managers who are thinking of their next life phase and those who have already begun their encore journey, the Cal-ICMA Encore Committee has developed a number of support programs. These efforts include:

- ✓ A webpage on the Cal-ICMA website provides information and access to all our services and resources.
- ✓ One-to-one peer coaching match-ups are available on the webpage. Those wishing peer coaching can review profiles of encore managers who can provide advice for those wanting to explore consulting, teaching, interim management, non-profit service or other opportunities.
- ✓ “My Journey” vignettes including tips and lessons learned are also posted on the webpage.

✓ A resource list includes books, articles, and other websites.

In addition, the Encore Committee has produced three similar papers to assist managers wishing to pursue different paths:

"So, You Want To Be an Interim Manager?"

"So, You Want To Be a Consultant?"

"So, You Want To Be a University Professor?"

To access these resources, go to www.cal-icma.org and click on "Senior Manager/Encore Manager Program." On the Senior Manager/Encore Manager Program webpage, you then click on "Resources."

Contributors

We wish to thank the following encore managers who contributed their thoughts to this paper:

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Your Observations or Questions

We would like this short guide to be a living document. Would you like to share any questions, comments or observations about non-profit management as an encore opportunity? If so, please email your questions or comments to the following members of the Cal-ICMA Encore Committee:

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