

The Center for Nonprofit and Philanthropic Leadership (CNPL) and DHR International Nonprofit Practice presentation on impending leadership gap at ANCOR agencies

June 30, 2008

According to the U.S. Department of Health and Human Services,

“One of the challenges facing the U.S. in the 21st century will be to ensure that Americans who incur disability at any age have access to the health and social support services they need to become or remain integrated and valued members of their communities. For the 4.3 million individuals with intellectual disabilities and other developmental disabilities (ID/DD), assuring such supports and obtaining such outcomes, often depends on the adequacy and availability of direct support professionals (DSPs).”¹

The American Network of Community Options and Resources (ANCOR) is a nonprofit trade association founded in 1970 that provides national advocacy, resources, services and networking opportunities to organizations dedicated to offering private support and services to people with disabilities.² This industry of service providers to those with disabilities became solidified as its membership grew. Over the last 40 years, as the industry was influenced by and responded to the American with Disabilities Act, Workforce Investment Act, Rehabilitation Act and other social service reforms, namely in Medicaid and Medicare provisions, ANCOR served an increasingly important role. In April of 2008, in advance of a national conference of ANCOR members in New Orleans, DHR International and the CNPL conducted a survey of its CEO’s. Following are some of the key findings from that survey.

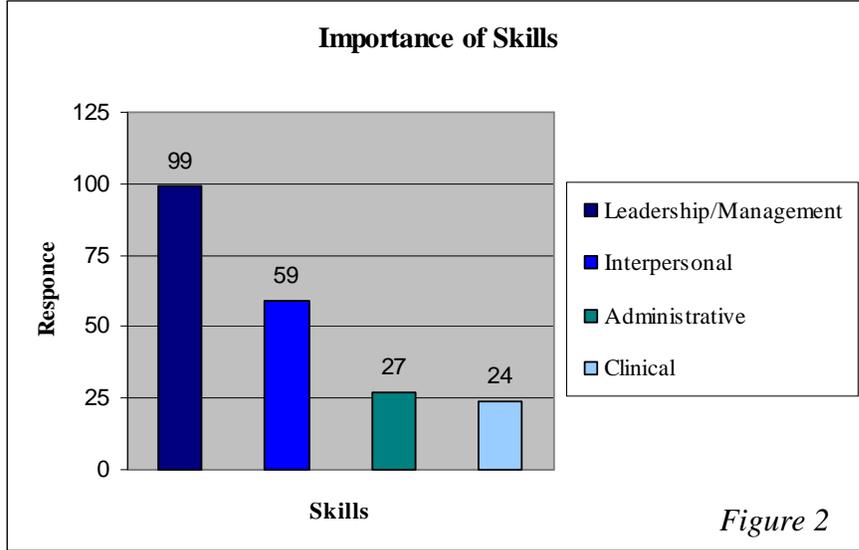
THE INDUSTRY IS CHANGING AND SKILLS REQUIRED ARE MOSTLY FINANCIAL

More than 70% of ANCOR member leaders believe that in the future their agency will be serving populations other than those it presently supports. And when asked which factors will influence or highly influence the industry, funding and reimbursement policies and other financial pressures were among the highest ranked responses (Figure 1).

| Top 3 Most Important Influencers | Influence/Highly Influence |
|---|-----------------------------------|
| Funding/Reimbursement policies | 94.4% |
| Changing workforce demographics | 92.8% |
| Aging Population | 89.0% |
| Other financial pressures | 87.2% |

Figure 1

Current leaders anticipate that the competencies to meet these future challenges of the industry are leadership/management skills and interpersonal skills while administrative and clinical are considered less important (Figure 2). However, 97% of the respondents believe new leaders will come from either within their own agency or from the human service field.

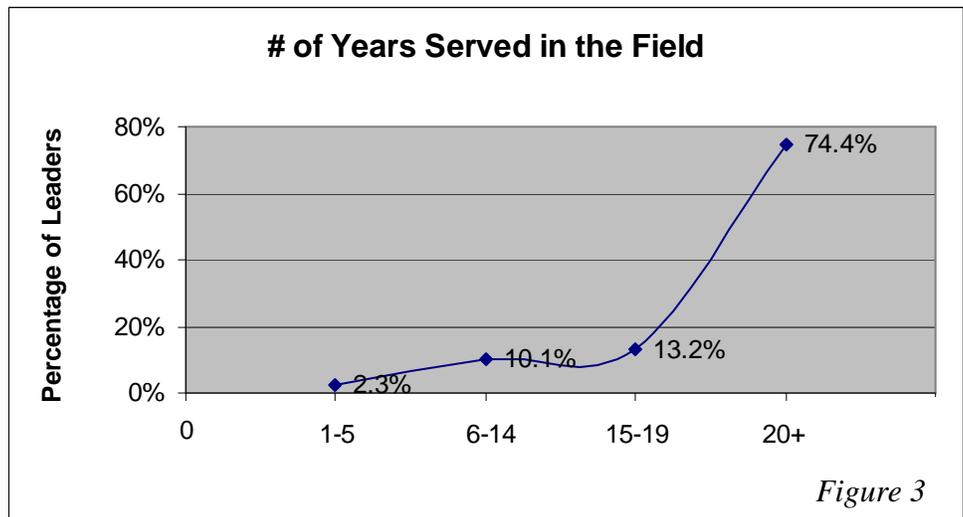


This is noteworthy because it may result in a potential candidate pool possessing the clinical skills but lacking the more essential leadership/management skills.

LEADERSHIP GAP

ANCOR member agencies, similar to many other nonprofit organizations in the United States, are facing an impending leadership gap. An extensive survey conducted by the Bridgespan Group of the leadership requirements of nonprofits with revenues greater than \$250,000 revealed that the nonprofit sector will need nearly 80,000 new leaders in 2016.³ According to the ANCOR survey, one in four executive directors plan to retire within the next five years and, it should be noted, this assumes that these executives will “voluntarily” retire – others may be forced to leave because of illness, burnout or per the board’s request, which may

result in a higher number of executive directors leaving their current position.. This looming leadership gap is even more troubling considering that almost three quarters of the current leadership positions are filled by those with twenty or more years of experience. Figure 3 demonstrates the imbalance in the number of executive directors currently leading agencies. One may conclude that there will not be an adequate number of experienced industry executives to fill those vacated positions.



SUCCESSION PLANNING

Currently, organizations are not adequately addressing their succession planning needs, especially in view of the aging of the leadership (Figure 3), the changing environment, and the disproportion of experience levels pointing to an upcoming turnover. Only one-fifth of organizations surveyed have a succession plan. The survey also indicates that although the process is at least “being discussed,” only 27% of organizations have established a succession planning committee. Their unprepared state may be explained by the following two characteristic responses:

“The person who is my current Associate Director is a perfect choice and, although there have been no official conversations, there have been informal conversations regarding her becoming the next executive”.

Additionally, many leaders have adopted a “head in the sand” attitude. One writes

“It’s[my retirement] so far off in the future that we aren’t concerned at this point. The executive staff will all be retiring at the same point. We will be looking wherever we need to at that time.”

According to James Abruzzo, Co-Director of the CNPL and Managing Director of DHR’s Nonprofit Practice, “These results are typical across sectors of the nonprofit industry. The leadership is aging while the skills required to lead organizations are rapidly changing. The changing environment will create a sea change where the human service professional (or museum or health care executive) will need skills in fundraising, strategy, and an ability to respond to changes in the environment. The content specialists will still be needed, but the leadership may need to come from different sectors, including the for-profit business sector.”

The authors of the survey recommend that ANCOR assist its organizations to strengthen executives’ leadership/management and interpersonal skills and that each organization develop a succession planning process. In addition, ANCOR should create developmental programs with career tracks to leadership positions and expand the pool of candidates to those outside the social service field.

The information above is based on responses from 130 leaders within the ANCOR membership representing a cross section of agencies according to size, structure and populations served.

For more information, please visit www.dhrnonprofit.com or www.npleadership.rutgers.edu.

¹ January 2006 “*The Supply of Direct Support Professionals Serving Individuals with Intellectual Disabilities and Other Developmental Disabilities: Report to Congress*”, <http://aspe.hhs.gov/daltcp/reports/2006/DSPsupply.htm>

² It was originally called the National Association of Private Residential Resources but later changed its name to ANCOR to allow for a wider membership.

³ The Bridgespan Group “*The Nonprofit Sector’s Leadership Deficit White Paper*”, Thomas J. Tierney; March 2006