

Shortage of management could hamper nonprofits

WASHINGTON - Nonprofit organizations will face a serious shortage of senior leaders in the next decade unless efforts are made now to recruit and retain outstanding managers, a consultant to nonprofits told the National Leadership Roundtable on Church Management.

Thomas J. Tierney, chairman and co-founder of the Bridgespan Group, a nonprofit organization that provides tools and strategies to help other nonprofits increase their social impact, and a lecturer at the Harvard Business School in Boston, gave the keynote address at the leadership organization's annual membership meeting, held at the Wharton School of the University of Pennsylvania in Philadelphia in early July.

The text of Tierney's talk was made available to Catholic News Service in August.

"The nonprofit sector - and this would include the church, for sure - is colliding head-on with a fundamental shortage of management talent, a shortage of senior leaders," Tierney said.

"This escalating leadership deficit, if you will, is going to be more profound and more pervasive than anything this country has ever experienced," he added. "If organizations like the Catholic Church and other nonprofits don't confront this issue, then they're going to see their ability to achieve results, and to serve society, severely undermined."

Putting the problem into quantitative terms, Tierney said nonprofit organizations in the next decade will need 640,000 new senior leaders - even when higher education, health care, religious groups and grass-roots organizations with annual budgets under \$250,000 are excluded.

"These nonprofits would have to recruit 50 percent of every MBA (master's of business administration) class from every MBA program in America for each of the next 10 years," he said. "Of course, this is neither practical nor desirable."

He said the problem is caused by a combination of factors - the retirement of the baby-boom generation, a tripling of the number of nonprofit organizations in the past 20 years and even faster growth by larger nonprofits than by the smaller ones. But Tierney said some nonprofit organizations' own practices mitigate against

success in recruiting and retaining top managers.

"Most social service organizations don't have recruiting as a core competency," he said, noting that a recent survey of executive directors of nonprofit organizations found that more than three-quarters had been hired through a friend.

"Truth is, word of mouth may have worked over the last 20 years when we had a surplus of talent," he said. "But there's a real question whether we can recruit 640,000 outstanding new leaders for the nonprofit sector through just word of mouth."

In addition, mission-driven organizations "sometimes confuse caring with capacity, and commitment with real capability," Tierney said.

"If you're an organization that defaults to commitment and caring, you better invite the right people onto the bus, because lots of times it's hard to get them off the bus once they're boarded," he added.

Most U.S. corporations "grow their own talent," with two out of three corporate senior leaders coming from within the organization, he said. In the nonprofit sector, on the other hand, two out of three senior leaders are recruited from outside the organization.

"The good news about recruiting externally - and I think the church is doing an excellent job here, at least in some places - is that there are terrific pools of talent out there which our country is not tapped into," Tierney said.

Among these are retired or soon-to-retire baby boomers who could serve as chief financial officers or chief operating officers of nonprofits; young people "who want to contribute but don't know how"; and mothers returning to the workforce who "want to serve society, but may need flexible hours to do so," he said.

Also addressing the leadership group's annual meeting July 6 was Fay Vincent, former commissioner of Major League Baseball, who urged the bishops and Catholic executives in attendance to commit themselves to restoring ethics, credibility and trust in the church.

"If the church doesn't police itself, then that is an invitation for government and legal agencies to get involved," he said.

About 100 senior-level executives from the business, finance, nonprofit and philanthropic fields attended the meeting, along with 12 Catholic bishops and other senior church leaders.

After the meeting, the National Leadership Roundtable on Church Management

launched www.churchEpedia.com, an online clearinghouse of information and best practices for the church in the areas of finance, management and human resources.