

AN ERA OF TRANSITION:

HOW NYC NONPROFITS MANAGE FOR SUCCESSION



HAVE YOU RETAINED WORKERS FOR MANY YEARS? DO YOU VALUE YOUR WORKERS OF ALL AGES?

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The Age Smart Employer Awards—an initiative of the Robert N. Butler Columbia Aging Center and The New York Academy of Medicine, funded by the Alfred P. Sloan Foundation— addresses the needs of both businesses and older workers by:

- Researching best practices of NYC employers, especially small businesses
- Honoring employers who value workers of all ages through an awards program
- Supporting businesses interested in hiring and retaining older workers



AN ERA OF TRANSITION: HOW NYC NONPROFITS MANAGE FOR SUCCESSION

New York is home to the nation's largest nonprofit sector. Private sector nonprofits employ more than 1.25 million workers and account for more than 18% of all private sector jobs in the state. Half of those jobs are in New York City. (Nonprofits-NY perspective (Employment NY 2012).

NYC's non-profits are entering what some call "an era of transition." Founders, leaders and senior staff of organizations founded out of the civil rights and other social movements of the 1960s and 1970s, are either retiring or expecting to be retiring at a rapid rate. Most of these non-profit organizations have no plan for succession.

Succession planning for nonprofits can be even more complicated than for for-profit businesses given that for many, the nonprofit's product is its people. Nonprofits maintain a careful, dynamic relationship with many stakeholders, including their boards, their funders, their donors and the communities that they serve. These are personal relationships.

Many nonprofits struggle with high staff turnover and to fill positions, because the salaries they offer (especially to entry and mid-level staff) are not competitive. They depend on recruiting employees attracted to their mission and the vision of working toward a collective purpose.

100+ small businesses and nonprofits shared their struggles and solutions with the Age Smart Employer team as they transition to a new generation of leaders.



5 WAYS NONPROFITS ARE MANAGING FOR SUCCESSION

1

Plan for succession, clearly, collaboratively and well in advance

- Steve Dawson, founded **PHI** (Fordham) 20 years ago, planned for years in advance and then executed an 18-month transition process where he stepped back into an advisor role.

“I grew up in the organization and the organization was built around me,” he said. He approached succession planning as an opportunity to choose and groom his successor, Jodi Sturgeon, who had been the COO and then Vice President for 10 years. By choosing a close, competent colleague, he could also remain involved after he stepped down from being president, unlike if they had hired an outside person.

Once the transition was announced, Jodi and Steve together met with different groups of staff, the board, funders, partners and other stakeholders to explain everybody’s roles and the process “to minimize uncertainty and maximize stability.”

“Eighteen months was a bit too long. That’s the only thing I would do differently,” Steve said.

- Chris Hanway, Executive Director of the **Riis Settlement House** (Long Island City), started at the organization six years ago as development director. The former executive director had served for 25 years and it was hard for the organization to accept his retirement. He had, however, taken Chris “under his wing” for several years and served as his mentor. Chris credits that long overlap and training period for allowing a comprehensive knowledge transfer and

successful transition. He also credits the continuity of other long-time employees. His fiscal officer, for example, has been with the organization for 20 years, understands its history and orients all new managers.

- Founder and CEO Eric Gurna, of **Developments Without Limits** (Midtown South), a for-profit educational consulting firm with an organizational culture like a nonprofit, recently completed a two-year transition on stepping down at the end of the year. “I was very open with my team. Internally I wanted them to know what was happening,” he says and contributes that to how smoothly the transition went. “It was a lot of individual conversations with a very high degree of transparency. It was very important for me that people weren’t blindsided.”

He opted for a gradual transition where he still made major decisions, but stepped away from the day-to-day responsibilities. Similar to a situation sometimes encountered by founder-run nonprofits, he was worried about the community accepting the change after he had been the face of the organization for over a dozen years. He thinks he helped calm any fears by looking internally for a successor and promoting an employee who had been with the organization for a sufficient period of time.

2

Avoid Founder's Syndrome

Organizations facing the departure of a founder are often at a much higher risk of disruption. By building the infrastructure of the organization and recognizing that it needs to be about the team if it's going to survive and thrive, leaders can reduce upheaval. It is helpful to recognize that the other leadership in a nonprofit will have built the organization with the founder or be his/her handpicked team. It can be quite difficult for those other managers to be open to change and accept a new leader from outside.

One nonprofit leader said they her organization has learned how to better handle leadership transitions over the years. She said during their first transition from the organizations' founder to their successor years ago, they had not considered the implications of the founder leaving.

"The truth is when you have an outsized personality as your founder, sometimes it's better to complement that with an external search," she says. "Often times in the non-profit sector organizations are created because of passion as people are really involved in something they give their life over to this cause, and it makes transitions much more difficult than in the for profit sector where it's really clinical... so I think there's a real personal dynamic that sometimes fails to get accounted for."

She says the organization handled their most recent leadership transition more effectively and spent 10 months working in the new director, who came from another organization but had the qualities they desired.

"Right now we're frankly in a period of transition because [the CEO] just started and we're trying to create the structure that will help us with sustainability going forward," she said.

- In contrast, Sandra Robbins, founder and director, of the **Shadow Box Theatre** (Bedford-Stuyvesant), is not sure if the theater will outlive her, given how tightly she has held control of the theater's operations and artistic direction. "I'm hoping we find solutions. I'm planning on working as long as I can. I don't know what is going to happen."
- Steve Dawson, **PHI**'s founder, slowly and deliberately walked founder's syndrome out the door: "You have to hire for your culture. When you do that, it lets you manage more organically. Luckily, Organizational Development is one of the services PHI provides to other organizations; so when it was time to plan for my succession, Sara Joffe, who leads PHI's field services, researched models and helped us shape a very clear and explicit plan. In that way, we figured out a way for me to stay involved inside PHI as a Senior Advisor that has worked both for me and for Jodi (his successor)."



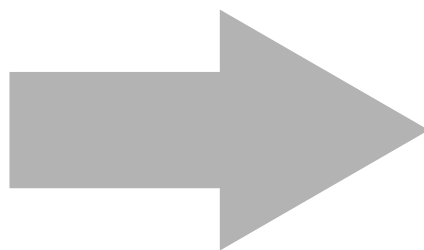
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NONPROFIT INFORMATION



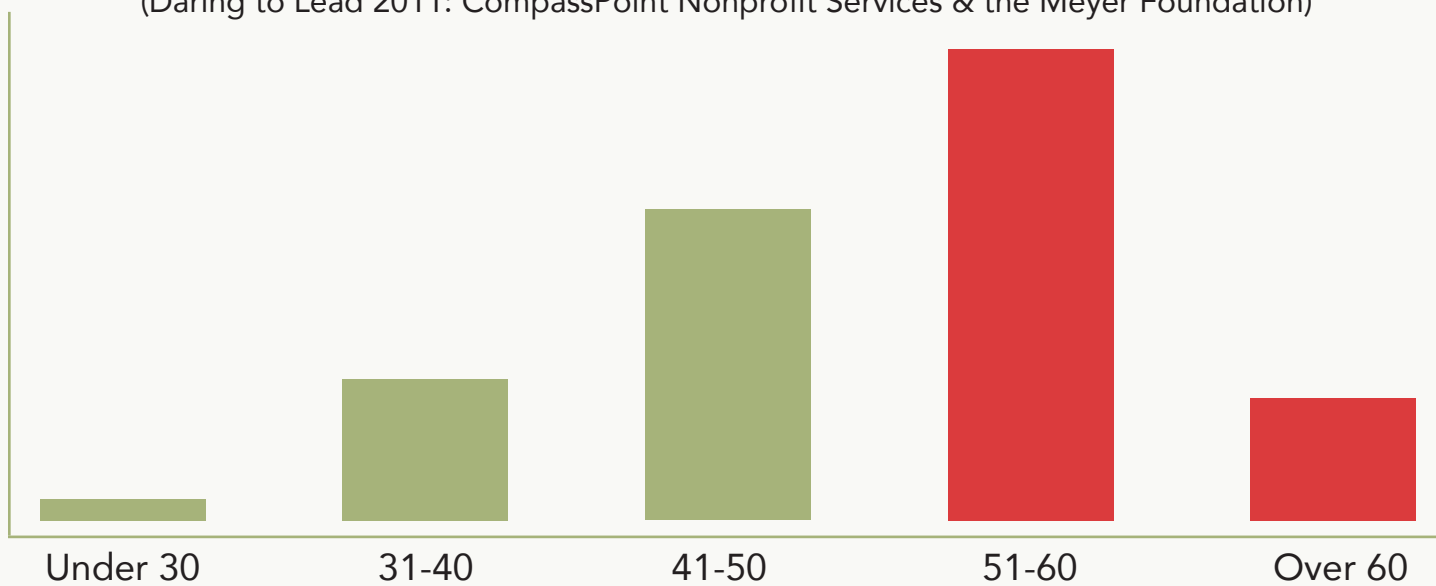
In 2011, **67%** of nonprofit executives anticipated leaving their jobs within the next **5 years**.



(Daring to Lead 2011: CompassPoint Nonprofit Services & the Meyer Foundation)

59% of non-profit executive directors are **50 or older**.

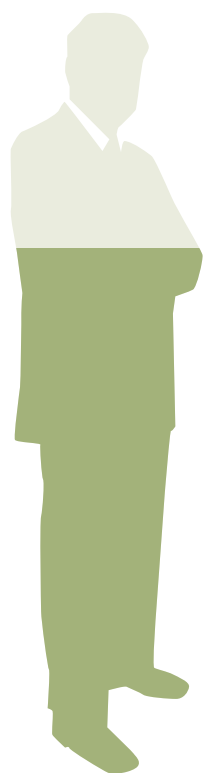
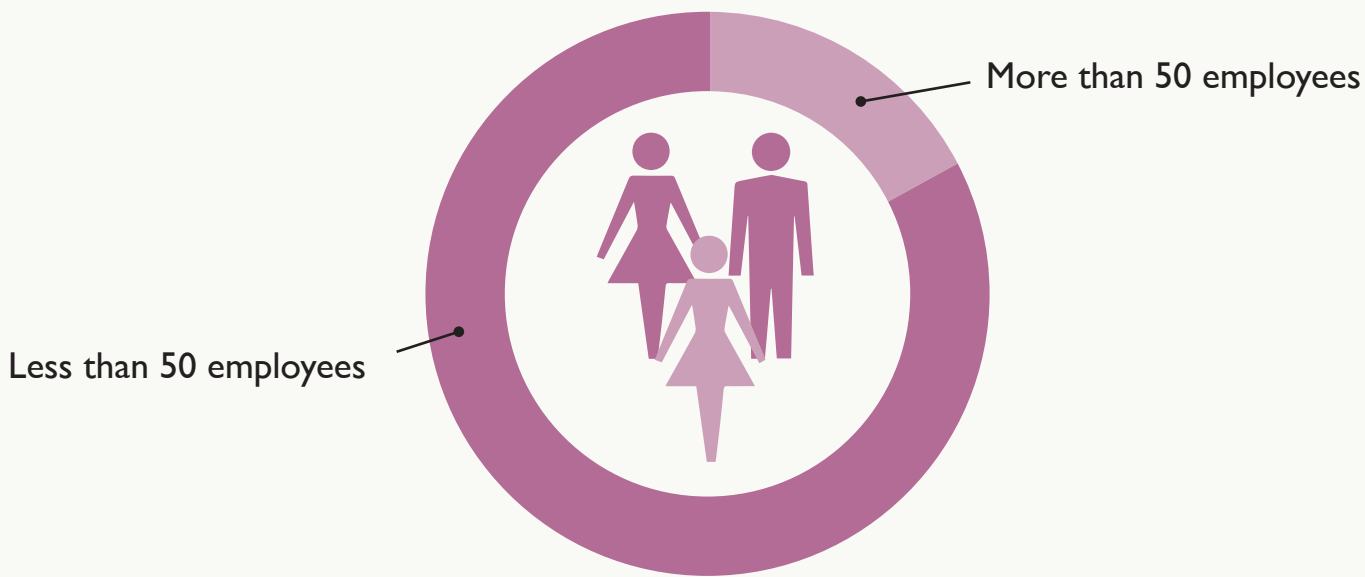
(Daring to Lead 2011: CompassPoint Nonprofit Services & the Meyer Foundation)





NONPROFIT INFORMATION

83% of nonprofits have 50 or fewer employees.



69% of nonprofits have no succession plan for senior leadership.
(Nonprofit Employment Trends Survey, 2013)





3

Benefit from the skills, institutional knowledge and loyalty of older workers

Some organizations allow older workers to scale back or have a phased retirement. Others hire them for part-time positions or job sharing. Many organizations use their retired workers' talents for episodic work, as well as volunteers, donors, board members and to attend events.

- “You get to an age where you can’t sit criss-cross apple sauce any more, and in general the job can be very physical,” said Donna Cohen, director of **The International Preschools** (Manhattan). “One long-time teacher who left the classroom was made assistant site director and excels at being the face to incoming and current families. Several older teachers share jobs, alternating days, with students and teachers coming back from maternity leave.”
- At **CAP21** (Union Square), an actor’s conservatory and a rehearsal rental space, many part-time positions are filled by retired theater people. One of the organization’s decade-long desk workers was, until recently, a retired “chorus boy” who joined CAP21 in his 60s. He was “extremely valued” as he shared experiences with the younger employees and students at the conservatory. He worked until his late 70s when health issues prevented him from continuing.
- At the **New York City Mission Society** (Murray Hill) many retired workers become volunteers.
- A major nonprofit—**the Goodwill Industries of Greater New York and Northern New Jersey**—uses Martha, a senior vice president who retired a few years ago when she was in her 80s, as a consultant to handle store openings. Jose, Director Of Communications, says it’s a mutually beneficial arrangement: “She likes to work and to be out there with the people. Goodwill is in her blood.”
- At the **JCC Manhattan** (Upper West Side), many of the instructors who teach individual classes are older and have retired from full-time careers.

- At **Montefiore Medical Center** (Bronx), a winner of the first Age Smart Employer Awards, hospital president, Steven Safyer says there is a “gigantic volunteer workforce” that includes former paid employees who are in their 80s.

BUILD IT GREEN! NYC

(Astoria)

A social enterprise retail outlet for salvaged and surplus building material learned that experience is incredibly valuable at their nonprofit and that they need to figure out how to transition people as they age since warehouse work is so tough on the body.

“It’s one of those things we think about because what happens if we are around in 20 years and our staff is all older. How do you make the job not as physically demanding? It’s a concern for any construction job. We want to keep people as long as possible. We don’t want to lose [them], especially folks who have worked in the warehouse, all the stuff they know about what sells, what doesn’t sell, how to price things, how to arrange things, how to deal with customers. All that learning is invaluable. It takes months, like half a year for anyone to be ready to do all those roles, especially because we’re smaller and you don’t have a lot of training ability or time to spend training people.”

- Justin Green, Founder



4

Use strengths to offset weaknesses, recognizing team members of all ages and backgrounds

With low pay and overtaxed staffs, leaders said that leaning into people’s strengths is much more beneficial, rather than forcing people into roles they where they will not be successful. Often times, if staff is diverse, their strengths will complement each other.

- At **Services for the Developmentally Challenged** (Riverdale), Acting Executive Director Peter Dolan, said his managers have found that older staff prefer to work with the older population. “The younger individuals tend to be more active with challenging behaviors. Our younger staff tend to gravitate toward this population. They support staff in gravitating to populations they prefer to work with.” The organization also has a mentoring program, where new staff “shadow” the senior staff for the first several weeks of work. They are working to expand this beyond the beginning of people’s employment.
- **Renewal Care Partners** (Midtown), a nonprofit winner of the first Age Smart Employer Award, provides services in-home for older adults by intentionally pairing older and younger workers together as teams providing services. One younger worker spoke of how she felt supported in sometimes emotionally challenging work

by having such a wise partner. Her older partner spoke of the updated techniques she had learned from her younger partner.

- At **The International Preschool** (Manhattan), “to compensate for those with technology challenges/aversion, we make sure there is at least one person on the team that’s comfortable with it,” said Director Donna Cohen. “With everything we do here, we look at the team. If a teacher is energetic and bubbly, we look to pair them with someone calm. If someone is a morning person, we pair them with someone who is an afternoon person. We don’t want anyone to be at odds with each other or competing with each other, so we have good teaching teams.”

As one worker interviewed said,

“Young people have a can do attitude — and make mistakes; old people know what questions to ask.”





5 Remember that you're a business and workplace

Almost every nonprofit interviewed described their non-competitive wages as their biggest staffing challenge, but many tried to overcome this by offering more generous or creative benefits like more vacation time, more holidays, work schedule flexibility, telecommuting, gym access and tuition reimbursement.

Many workers and nonprofit leaders spoke of the centrality of the organization's mission in aiding recruitment and retention. However, "mission-driven" can cut both ways and we heard workers and leaders describe "mission" deployed as an excuse to cover for weaknesses, including poor management, unclear (or non-existent) job descriptions, high turnover, inefficient recruitment, poor knowledge transfer and no succession planning. Good workplaces of all types have clear job descriptions, are respectful of workers' hours and offer raises and competitive benefits.

- "The reality is that running a non-profit is like running a small business - with the caveat that of course you make no profit (by design) and you focus, laser like, on a social mission that encompasses a diverse set of stakeholders," says CRE (Financial District) CEO Katie Leonberger, whose organization provides strategic advice and leadership and management development to over 200 nonprofits each year. "There may be former front-line staff who become 'accidental' managers and perhaps aren't well versed or interested in managing an organization. They may be focused on the social

change they're trying to effect -- but if they aren't able to focus on the business of running the organization then their effectiveness in achieving that mission gets more difficult."

- George Polsky, founder and Executive Director of **Street Squash** (Harlem) has long recognized that running the nonprofit with good business sense (they offer 100% employer-paid health care and generous vacation) results in higher employee retention and ultimately more successful results. "This would fall apart if people weren't staying for meaningful amounts of time because a lot of it is based on the relationships between the staff and the kids. So if there was a big turnover it would be a disaster," he says.
- At **Sunnyside Community Services** (Long Island City) worker turnover is low, about seven years on average. Despite not being able to pay workers as much as they wish they could, the organization provides a long list of benefits: medical, dental, life insurance, short and long term disability, workers compensation, a generous vacation, sick and holiday package, personal days, floating holidays, flexible spending accounts, Transit Check, 403(b) pension plan, wellness fairs, walking club, holiday events, staff appreciation day, after work activities and ice cream Fridays. Employees are also given comprehensive training, peer mentoring and shadowing. While not every nonprofit may be able to offer this full a list, these options offer a menu worth considering.





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