

Ready to lead and not ready to leave: The demographic conundrum

 charityvillage.com/ready_to_lead_and_not_ready_to_leave_the_demographic_conundrum

September 26, 2012

You might think it's a good problem to have: too many capable leaders. Older leaders who are still interested and able to lead nonprofits, and younger leaders who are ready to step in with fresh ideas, energy and training. Unfortunately, the situation can backfire, leaving organizations with a surprising lack of leadership.

Unlike a relay race, in the working world in Canada, there is no set point at which a baton must be handed off. While Canada's Old Age pension and many private and public pensions begin at age 65, labour laws do not specify an age at which people must retire.

Further, as the health and life span of Canadians extends – from under 60 in 1927 when the Old Age pension was introduced to early 80s today – retirement is increasingly seen as optional. **Lisa Taylor**, president of the [Challenge Factory](#), an organization addressing changing career demographics says, “The perspective that we won't be productive after 65 is no longer true. It's not good for an economy, individuals or organizations when talent is unproductive for a quarter or a third of their life.” A [2009 survey](#) by the [HR Council for the Nonprofit Sector \(HR Council\)](#) of public and private sector late career employees indicated that [57% planned to continue working after retirement](#).

While healthy older Canadians bring valuable experience to the workforce, the challenge comes in the area of handing off the baton when they and their organizations are ready. This is particularly true today in the nonprofit world where “the labour force [skews slightly older](#) than the Canadian labour force overall” with “the vast majority of nonprofit leaders [from the baby boomer generation](#).” With 75% of nonprofit organizations in Canada having fewer than ten employees, attracting and keeping the next generation of leaders is becoming a significant issue.

Hooray for gray

As the Quebec-based [Comité sectoriel de main d'oeuvre economie sociale et action communautaire](#) said in their 2011 report, “The presence of experienced workers in an organization provides access to the expertise and allows the sharing of knowledge” (translation).

David Hutchinson, president and CEO of [Hutchinson Group](#), an executive search firm in the charitable sector, says that “senior leadership can be an asset. If they are healthy and productive they can be an incredible source of knowledge and mentorship for the organization and for younger leaders.”

Historically, nonprofit organizations have not paid staff well and with recent financial downturns, many of the boomer cohort are not in a secure enough financial position to retire. Beyond that, however, older employees continue to work in order to be socially and mentally active, have a sense of purpose and meaning, and use job skills and life experience. (BMO Financial Group, 2004; MetLife Foundation Civic Ventures, 2005; Pope 2008)

At age 72, **Bette Kline** works for the Victorian Order of Nurses (VON) as a palliative care nurse. She says, “I love my work and I really hate to give it up. Most people my age who are working are doing so not for financial reasons so much as that they love it.” She says she has told her fellow nurses to tell her if she stops making good decisions or becomes forgetful.

Recruiting and retaining

While organizations benefit from the continued involvement of strong boomer leaders, the *2008 HR Council Labour Force Study* showed that “there are more signs that organizations are less and less able to recruit the talent they need in today’s tightening labour market...retaining employees is also a challenge.”

Younger employees in organizations where boomer leaders are not retiring look for other opportunities: 18.2% of employees who are looking for new jobs say the reason they are looking is that their current position offers them “limited opportunities for career or skill development.”

The increasing trend for late career private sector employees to move to the nonprofit sector can further aggravate this challenge. While former private sector employees bring talent and experience, this can lead to significant challenges in recruiting and retaining younger leaders, leading to longer term succession problems. “Ironically, this could lead to the loss of the types of skills and expertise that nonprofit employers are seeking to increase through the engagement of high skills baby boomers.”

Backlog at the top

Sometimes, too, leaders can outstay their effectiveness. “Frank” founded a Canadian relief charity and led it to considerable success. Over time, however, staff lost confidence in Frank’s leadership. Although Frank hired a much younger vice president to manage the day to day operations, Frank insisted on maintaining control. The board decided to remain hands off, placing trust in what a former staff member called Frank’s “gray-haired currency.” In the end, the vice president resigned and Frank remained.

Hutchinson says boards need to be aware of legal implications: no one can be forced to retire, but, as at any age, identifying legitimate performance problems can be grounds for ending employment. He adds, “For a small percentage of leaders, it makes sense for them to stay in their position, but if someone hasn’t managed themselves well and doesn’t have retirement in their sights by their late 60s, how well will they manage an organization?”

Taylor notes the common experience of “malaise” among leaders of retirement age who feel younger than they are. “It’s difficult to let go and move on when you don’t know what you’re moving on to,” and she adds that organizations can help individuals look at new opportunities, what she calls a legacy career. She says, “Instead of people hanging on in their current job, we talk about the next phase as a new period of careers,” and says people can find new roles that may not be as senior as their current role but which ignite a new passion.

So, what to do?

Hutchinson suggests, “We’ve given lip service to succession planning, but few organizations have implemented it well: if the CEO got hit by bus, there isn’t necessarily a senior person in place.”

Though not based on actual statistics, Hutchinson notes that the talent pool of people under 55 in the charitable sector today is “perhaps” half that of the over 55 group and likens the demographics to waiting to get out of a theatre. “I think it will be a waiting game,” says Hutchinson. “That bunching up will clear up in the next ten years.” To the younger age cohort, he recommends:

- Be patient.
- Get education – a CFRE or MBA or other training.
- Become a knowledge expert – learn as much as possible about your organization, the sector, trends, donors, stakeholders, the economy, etc.
- Find a mentor.

Hutchinson adds sometimes people need to move to a different organization, rather than simply waiting for older leaders to move on.

The 2008 *Ready to Lead? Next Generation Leaders Speak Out* report on attracting and keeping the next generation of leaders in the nonprofit sector states that the “lack of mentorship and support from incumbent executives in helping to pave a career path are serious frustrations for many next generation leaders: only 4% of respondents are explicitly being developed to become their organization’s executive director. Women are being developed at a lower rate than men.” Among their suggestions to executive directors for leadership development:

- Involve staff in decision making.
- Help staff build strong networks, including with funders, colleagues, boards, and community.
- Model good leadership by keeping a work-life balance.
- Periodically ask whether you are still the right person for the job.

The report advises boards to “make sure leadership is being developed deep in the organization” and funders to support leadership and training programs and succession planning. It doesn’t have to be all or nothing. A 2004 *Statistics Canada* report on retaining older workers found 28% of retirees would have continued working had they

been offered part-time employment. Hutchinson suggests part-time contract work can often be the most effective answer for the individual and the organization, allowing institutional memory and the individual's wisdom and experience to be valued, but also creating a culture where younger leaders can be given opportunities to lead.

Taylor's legacy career approach offers a slightly different solution. "It can be a win-win opportunity where an employee gets a legacy career and the organization has staff who knows the culture, the customers, the history." She adds that forward-looking organizations foresee that institutional knowledge will leave as leaders retire and so put programs in place to help move leaders into new positions. This also allows younger leaders can move up, without older leaders having to move out.

Balancing the benefits and risks of a large age cohort is a delicate human resource task, particularly because one of the risks is dismissing the benefits of older staff and another is failing to offer adequate opportunity to younger, gifted leaders. But just as athletes receive coaching to help them in the passing of the baton, so organizations can support all their staff in leadership transitions so no one of any age is pushed out the door and all gifted leaders are valued.

Susan Fish is a writer/editor at Storywell, a company that helps individuals and organization tell their story well. She has written for the nonprofit sector for almost two decades and loves a good story.