YOUTH ENGAGEMENT FUND

THE ROLE FOR FUNDERS IN YOUTH CIVIC ENGAGEMENT

May 2017

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Introduction

Most nonprofit organizations experience challenges with fundraising, leadership, and governance regardless of sector. That said, these challenges can be more pronounced among youth-focused nonprofits in the civic engagement sector. These nonprofits are, more often than not, led by young, first-time CEOs who are not only navigating everyday challenges new leaders face, but also confronting issues specific to their sector — e.g., lack of institutional knowledge; abrupt or poorly planned leadership transitions; young, diverse staffs; difficult board dynamics; and/or election-driven cash flow.

While the individuals and foundations who invest in youth-focused civic engagement organizations understand deeply how critical the work is, the unique set of challenges these organizations face is less clear. To provide deeper insight into how funders might lend additional support, the Youth Engagement Fund conducted a survey of — and interviews with — CEOs, board members, and staff working in the sector.

This report attempts to capture the spirit in which the feedback was provided: with a deep desire to share openly and honestly with funders to facilitate the improvements everyone would like to see. Most interviewed would like to see funders coordinate with each other better. Many want funders to work more closely with CEOs, boards, and staff to improve organizational health. Everyone agrees that the top priority is making a positive impact in the sector.

This report enumerates challenges youth-focused civic engagement nonprofits face, many of which are fairly basic. While this could give funders pause about the sector, it should be encouraging: The problems identified are solvable, and funders can directly contribute to solving them. Organizational leaders are not only open to, but eager for, any additional support or coaching funders can provide to help them do the work more effectively or efficiently. In fact, a few interviewees went so far as to caution funders to be wary of those organizations who refused such help or feedback.

Each section contains unfiltered, prescriptive feedback garnered through 33 survey responses and 14 in-depth interviews. **This report offers a synthesis of the challenges identified through the survey and interview process, as well as a set of concrete recommendations for funders who want to better support youth-focused civic engagement organizations.**

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Key Findings:
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FUNDRAISING IS A SERIOUS CHALLENGE.

It will come as no surprise that fundraising was cited as the top issue by CEOs and board members in the survey responses and interviews. Fundraising is the most frequently cited challenge for nonprofits in any sector. The amount of time it takes to raise funds for the organization was a source of concern for CEOs, while the decreasing pot of money for youth organizations was cited as a concern by CEOs and board members alike. And while everyone said they would benefit from more funding, many highlighted challenges that funders could help address without giving out more money.

CEOs cited the uncertainty of whether — and when — a funder will support the organization as the biggest challenge they face in their jobs. They believe their organizations would be better positioned to deliver the tangible results funders (and they) would like to see if money was less of a concern. As one leader said, “When you’re always in a funding crisis, you can’t make a long-term plan and measure success. The funding many groups get are short-term investments that satisfy donors but do not have lasting impact.”

Having a solid cash-flow plan allows CEOs to manage staff and programs better, but the unpredictable nature of youth civic engagement funding makes doing so very difficult.

INCREASE COMMUNICATION AND TRANSPARENCY AROUND GRANT MAKING.

Grant making varies greatly from funder to funder, as the processes and timelines are different for each funder and are not always publicly disclosed. This can be particularly challenging to first-time CEOs unfamiliar with grant-making processes. Funders can be more transparent about their grant-making processes to better support existing and potential grantees.

Specifically, funders can let interested parties know:

- if/when they can apply for grants;
- the deadlines for reviewing applications and making decisions;

- the process for submitting an application (or being invited to submit an application);
- what the review process entails; and
- the timeline for delivering funds once a grant agreement is signed.

Funders and CEOs could help one another by communicating more clearly and frequently about funding. In the interviews, leaders asked that funders be more responsive to inquiries they make about potential funding. Of note, one board member said she wished more funders would offer small professional courtesies to help leaders plan. “If you’re not going to fund an organization, email back and say so. Don’t ignore them. And if you don’t know the timeframe for a decision, tell them [that].”

I wish someone could demystify what’s in funders’ heads to make this space easier to navigate. It would help if funders could publish their timelines of funding and... maybe they’d learn from one another, seeing that they’re so wildly different and money moves so sporadically. It really impacts the work.

Funders also should consider providing grantees with feedback regarding what they can do to make future grant applications stronger during or after the grant-making process. They can also help by providing more guidance on things like what acceptable overhead costs are for program-specific proposals.

Of course, communication only works if it goes both ways. Funders who want to support the leaders of grantee organizations should encourage them to ask questions, be specific about needs, and elevate challenges that arise.

COMMIT TO MULTIYEAR GRANTS.

Of course, all nonprofits appreciate the financial security multiyear grants give an organization. This is particularly true of youth-focused civic engagement organizations that are often navigating cash-flow management and fundraising for the first time, while balancing boom-or-bust election cycle funding patterns. The uncertainty around resources is usually followed by pressure to scale quickly when opportunities appear. Even the best managers struggle to do this effectively.

The perception is that funders don’t give out multiyear grants because they can’t closely control how the funds are spent. It’s true that funding priorities may shift and multiyear grants don’t allow for funders to change strategy quickly. But funders can increase their level of oversight on how funds are spent with a phased release of funding by establishing metrics that must be met to get the money. This incentivizes grantees to work with funders to set reasonable, achievable metrics — and to raise issues as they arise.

At the same time, leaders of organizations could do a better job making a clear, concise case for why they need multiyear grants and what kind of impact their organizations can have with this kind of funding. Presenting a plan for measuring impact along the way could encourage funders to consider longer-term funding.

More than one grantee pointed to the Democracy Fund and Open Society Foundations as models for grant making. Both foundations have rigorous grant application and vetting processes that include:

- several rounds of questions and suggested edits to the draft proposals by the program officers;
- a thorough financial review that goes beyond previous tax filings and audits to internal processes and protocols;
- an in-depth, in-person interview with an investments committee; and
- a conversation with member(s) of the board of directors.

There are the big talkers and the doers. Only a few funders can tell the difference, so you have to play the game and be a big talker. [If you're a doer], you may get lucky if a funder believes in you. But the big talkers always get luckier.

These processes require a lot of time and attention from CEOs. But those who cited the Democracy Fund and Open Society Foundations as model funding partners felt the investment of time was worth it to receive multiyear grants and to build a deep level of trust with the program staff. Many said that, after the grant process, they felt comfortable approaching their program officers with challenges that they might otherwise feel the need to hide from funders.

REDUCE THE NUMBER — OR IMPROVE VALUE — OF CONVENINGS.

Funders host a lot of meetings and conferences that require travel and time away from work. One CEO noted in the survey that they traveled 70,000 miles over the first seven months of 2016 and that time away from the office created significant management challenges. Anything funders can do to coordinate where and when convenings are held would be a big help to organizations.

One potential solution is to ask an already well-attended conference like the Democracy Alliance or FCCP to add a day at the end, with no formal agenda, during which time funders and organization leaders could meet. This could help reduce travel.

01

There are also simple ways to make convenings beneficial for leaders who attend. Funders can provide CEOs with opportunities they would otherwise not have. For example, one of the most valuable things a convening can offer is the opportunity to build relationships and grow a peer network. Funders need to understand that there is real value in setting aside time for networking and socializing and consider building time for this into the event agenda.

Additionally, funders could add on-site coaching or skill-building workshops to the ir convenings to increase the benefit to attendees. The Knight Foundation, for example, hosted a storytelling workshop at its Summer 2016 conference for organization leaders to get personalized coaching. There also was a photographer on site to take professional head shots. These were cited as the best example of a value-add at a funder convening.

BE AWARE OF THE POWER DYNAMIC BEING A FUNDER CREATES.

A few people elevated a concern that funders may lack awareness about the power dynamic at play between themselves and CEOs. More often than not, funders and CEOs come to the table with their own perspectives and agendas. Ideas may be exchanged and evaluated. But, at the end of the day, it is the funder who has the resources. The funder decides whether to invest in the CEO's agenda. This is a power funders have over CEOs. Funders would do well to keep reminding themselves that this is the dynamic at play, especially when interacting with young leaders.

This dynamic is even trickier for leaders to navigate at convenings. In lieu of transparent funding processes, CEOs aren't always clear about how to best engage with donors and program officers. Many attend social events and funder convenings (e.g., Democracy Alliance and FCCP) in the hopes of engaging with potential funders. In these instances, the circumstances are often less than professional (mingling around a bar) and can be difficult to navigate.

While these events can be beneficial for relationship building, CEOs expressed uncertainty about whether to pitch funders in these kinds of settings — especially when they don't know if their organizations can even be considered for funding.

Another CEO explained that funders don't understand that the playing field is not level when business is done in this setting: "I'm exhausted from the system. The huge organizations get all the money. They're rubbing elbows in D.C. or at events and I'm out here doing the work on a shoestring budget, unable to spend the money or time traveling. That's the single most frustrating thing…"

01

Show Up to See Grantees In Action.
Site visits by funders over the course of a multiyear grant could also help build a relationship between funders and the CEO/program staff. Site visits allow grantees to show off "their world" — and stay focused on the work. As one leader commented: "We're often on the road [away from the office] meeting funders in their towns."

Funders should make it known they'd like to visit the office, attend an event, or help out for a day with a program so that CEOs feel comfortable extending the invitation.

COACH NEW EXECUTIVES TO BE BETTER FUNDRAISERS.

New CEOs of youth-focused civic engagement organizations are usually first-time executives who are not as dynamic and confident as seasoned, successful CEOs. They may have excelled in a particular program area, but do not yet have experience balancing management responsibilities with fundraising. Funders can provide feedback to new leaders to help them articulate their vision and execution plans clearly.

01

ABOUT THE MONEY

65%

THINK FUNDRAISING IS THE WORST

When asked in an open-ended question, “What are the worst parts of your job duties?” 65% of respondents said fundraising and the time/travel associated with it. In the interviews, 100% cited fundraising as a challenge.

1/4

DO NOT HAVE ADEQUATE FUNDING

A full 25% of those surveyed are concerned they have somewhat/very inadequate funding for their work or are unsure, which highlights the discrepancy between concerns about funding and the stress of fundraising.

46%

OPERATE WITHOUT ADEQUATE EMERGENCY FUNDING

Allocating resources to a reserve fund that can be accessed in the event of an emergency is a best practice, yet few organizations are funded well enough to set money aside. Nearly half of respondents believe they have a very or somewhat inadequate reserve fund or are unsure.

02

LEADERSHIP TRANSITIONS ARE LARGELY MISMANAGED.

There are different kinds of leadership transitions that happen in any sector: departures can be planned or abrupt; the hiring process can be open or closed; and new leaders can be appointed or elected. It is best practice across all sectors to plan transitions and conduct open searches for successive leaders.

When I look around at my peers, I see people [in leadership roles] who are increasingly removed from the communities for which we are advocating. There are no people of color leading youth organizations. There are white, well-educated people running organizations handpicking more white, well-educated people to run organizations.

That said, almost every current CEO in the youth civic engagement sector was appointed by outgoing leaders through a closed search process. **According to numerous interviews and survey responses, the lack of formal, rigorous executive searches is not just a point of frustration, but also the root of a lot of problems:**

- CEOs regretted not having been put through a more thorough process because it would have allowed them to make a more informed decision about whether the job was the right fit. An open process not only allows a board to vet the CEO, but also gives the CEO a chance to vet the opportunity and ask questions about the board's vision, expectations, systems, and programs.
- Staff expressed concern that th ere are no opportunities to move up through the ranks of youth organizations when you don't know if/when a CEO is leaving and don't have an opportunity to apply for the position. According to multiple staff across several organizations, they were only made aware of the vacant CEO position during a meeting where the outgoing CEO introduced the new CEO. This was cited as a

direct cause of staff turnover.

- Board members cited a lack of time and resources to conduct a proper, thorough search process to hire a new CEO. Without this, though, many acknowledged a mismatched fit between the board and CEO — and more frequent leadership transitions as a result.
- Funders are rarely given much advanced warning about an impending leadership transition, let alone consulted about the search process.

The lack of racial and economic diversity among leaders in the youth movement also stems from not having a robust hiring process. As one (appointed-from-within) CEO said, there is no funding to go out and find people who wouldn't otherwise be tapped to do this work.

DEVELOP A TRANSITION PLAYBOOK.

In a sector with many first-time CEOs and first-time board members, it should be no surprise that leadership transitions are not executed intuitively. Funders could help by supporting the publication of a transition playbook to provide leaders with a clear set of recommendations and best practices. These recommendations should include specific guidelines for alerting stakeholders, making job descriptions public, conducting interviews, hiring, on-boarding, and off-boarding.

INCENTIVIZE FORMAL HIRING PROCESSES.

One leader summed up the general attitude toward leadership transitions perfectly: "They happen a lot and everyone has an opinion about how to handle them — and yet we fail at them all the time."

The sector can only succeed with strong leaders, and formalizing the processes by which leaders are chosen should be a top priority. This is difficult to do when board members do not have the time (nor, typically, the skills) needed to conduct a robust hiring search. Organizations undergoing a leadership transition without enough time to do it properly need a headhunter to spearhead the process whether the search is closed or open. Engaging this kind of assistance takes resources that nonprofits either do not have or are unwilling to spend.

In addition to incentivizing best practices, funding leadership transitions also allows funders to learn about intentional transitions sooner, deepening their ability to support organizations. Funders could incentivize formal hiring processes by providing resources from a pooled fund dedicated to capacity building, so that organizations go beyond poaching from one another and recruit talented leaders.

SOLICIT LEADERSHIP TRANSITION PLANS.

Funders have a role to play in improving the way organizations handle transitions and are in a position to ask organizations to have (and share) an executive transition policy and plan. This plan should include the decision-making process, timeline for alerting stakeholders like funders, as well as an overview of the role they may play in supporting the organization through such a transition.

MAKE LEADERSHIP TRANSITIONS A PRIORITY TO FUND.

Funders should make leadership transitions a separate funding priority, explicitly indicating to grantees the understanding that formal hiring processes take time and resources to do well — and are expenses not traditionally accounted for in organizational budgets.

In addition to elevating all the best practices included in this document and supporting the development of guidelines for a healthy transition, funders can provide valuable funds during the transition period that allow the new leader to get acclimated to the role.

More often than not, new leaders find themselves digging out of a financial hole, struggling to learn new skills while simultaneously focusing on fundraising. By explicitly indicating a willingness to fund leadership transitions, funders will also learn earlier about intentional transition plans, deepening their ability to support organizations.

ENCOURAGE ORGANIZATIONS TO PROVIDE CEO CONTRACTS.

Although it is standard practice for nonprofit organizations with over five people and/or a budget of over $500,000 to offer CEO contracts, it is often seen as an unnecessary formality in the youth civic engagement sector. In fact, only half the executives surveyed have some sort of employment agreement. Funders should encourage organizations to have CEO contracts, as they are mutually beneficial for boards, funders, and executives. The agreement should set clear expectations for the CEO role and lay out a plan for resolving disagreements between the board and CEO before they arise. Additionally, the agreement should acknowledge that the executive position is temporary and with a set time for a leadership transition, which mitigates the damage abrupt departures can cause. Contracts also set a schedule for an annual review during which time the board can give feedback and establish clear goals for the coming year.

03

YOUNG CEOs NEED MORE (BASIC) SUPPORT.

Young CEOs are usually first-time CEOs who need transitional support. People running youth organizations are themselves generally young. They have incredible passion and enthusiasm, but not much experience and they need more help preparing for their new roles.

New, young CEOs have a steep learning curve and need to learn practical skills quickly to manage a whole new set of administrative responsibilities, demands on their time, and strategy development. Most staff who are elevated to leadership roles receive little (if any) training on how to manage all the additional responsibilities that come with being the CEO. As one person said, "I didn't know what I was getting into until I was in it."

It makes sense that most staff are promoted for doing good work — whether that be executing plans or managing programs. When someone is excelling in these realms, they are rarely tasked with crafting the plans, building the budget, monitoring the finances, and making sure things like payroll and taxes are paid on time.

CEOs are taking it upon themselves to engage junior staff in plan writing and budget building processes. However, still many are elevated into leadership positions without sufficient training on how to process payroll, pay taxes or bills, administer benefits, or deal with human resources issues. It takes time and energy to understand the systems and be able to either spot check someone else administering these tasks or teach someone else how to do them.

Interestingly, the question that stood out most in discussions about financial and human resources management was: **How do you ask for help when you're supposed to be inspiring confidence and showing you know what to do?**

As one CEO put it, "I know I don't know things, so I read books and use the internet to find answers. But sometimes that's not enough to make me feel confident about making decisions — especially around finances."

03

Although none of the leaders complained about the work or the hours invested in their jobs, several underscored how much more time each aspect of the role takes than they imagined. They are worried about burning out while trying to meet the demands of a nonprofit leader, which for most included raising the funds, developing vision, stewarding strategy, managing the staff, serving the board, representing as spokesperson, overseeing operations, and ensuring the program is executed well.

As one person said, everything takes more time and energy than you expect. For example, one organization cited the strong CEO/board relationship as critical to its success, but pointed to how much time and energy must be invested every week to maintain this relationship. “I’m literally split into multiple jobs — I look in, up, and out. I’ll be doing really great with one aspect and find I have no idea what’s happening with another. It takes a lot more time than I thought and it’s stressful.”

With so much to do, establishing a work-life balance in this environment is out of reach for most. Having a strong team to support the CEO is critical to being able to manage all the work. Hiring someone just as capable and compatible with the organization as the CEO is difficult. In this landscape, it’s hard to find someone who wants to share the work without the title/credit of being CEO.

HOST OFFICE HOURS WITH SUBJECT-MATTER EXPERTS.

For new and experienced leaders alike, having access to experts who can answer questions as they arise is invaluable. When you are just starting to learn new skills, it can be helpful to have experts to teach you how to read an auditor’s report, balance sheets, and monthly financial reports; write a grant proposal; or manage consultants and the board of directors. Funders could be helpful by making subject-matter experts such as an accountant or auditor available during a set number of office hours each month for grantees to approach with off-the-record questions.

Leaders specifically identified the need for assistance with plan writing and goal setting. Plan writing can be difficult, but it’s critical to ensure that the CEO and board are aligned on overall mission, theory of change, and program. Clear metrics of success and a timeline for measuring progress to goals is critical to managing staff, as well as assessing organizational impact. Learning how to do this for an organization — or learning how to coach others through doing this for their programs — can be challenging. Leaders would like to be able to consult with someone who has run voter registration programs or advocacy campaigns or digital efforts. As one leader said about their plan-making process, “I asked a friend to look it over, but it's not like any of us have done this before either. I'm sure we're missing things."

Additional resources could also be invested in helping leaders do the type of rigorous metric evaluations that many funders would like to see in this sector.

PLAY MATCHMAKER WITH MENTORS.

In addition to coaches and subject-matter experts, many young leaders would benefit from having mentors or informal advisors to bounce ideas off of or help navigate tricky situations. Funders can help by offering to serve in this role for young leaders or by making introductions to seasoned operatives who can. This should not be a mandatory or formal program: Young leaders can and will benefit greatly from having informal access to seasoned mentors and advisors.

CREATE A RESOURCE CENTER FOR EXECUTIVES.

Several leaders cited The Management Center's online tools as helpful resources — especially the templates. There are additional resources that The Management Center or some other central hub could create that would be useful to leaders, including but not limited to:

- a list of recommended service providers for payroll, audits, accounting, legal, and healthcare;
- sample board interview questions, invitations to join, and agreements;
- recommendations on the size and composition of a well-formed board;
- templates for board updates and board meetings; and
- best practices for running meetings.

A collective capacity-building fund that CEOs can tap into to retain coaches or management consultants at no cost could be a game changer. Women and people of color are less likely to ask for this kind of support because they worry it will be viewed as a sign of weakness. In doing this, there must be a selection of recommended consultants that are hired to serve the CEO, not the funder.

ACKNOWLEDGE THE COMPETITION TO FOSTER COLLABORATION.

Being a CEO of a nonprofit is a lonely job. A CEO is peerless within the organization they lead and, due to the nature of the resource-scarce funding landscape, a sort of competitor among their counterparts in the youth sector.

Despite the desire many leaders have to focus on the work and collaborate with others, funders often unintentionally drive competition. Funder convenings meant to foster collaboration can end up feeling to grantees as though "everyone is sitting around a table trying to brag about what we're already doing so we get more funding. And making digs at others who may cut into our resources."

03

Funders would serve the community well by holding convenings after grants have been made for the year, so that people doing work in similar areas could come together to explore opportunities for collaboration. Offering slightly more funding for collaborative efforts that scale existing programs could incentivize this further, but only after an unforced alliance has formed.

PROVIDE FEEDBACK AND ENCOURAGEMENT.

Being a CEO requires managing up, down, and out with very little feedback about how you are doing. Leaders generally don't know when they're doing well. With first-time CEOs, operating without feedback can be particularly challenging as they've not yet built their confidence. As one CEO said, "Despite having weekly check-ins, I honestly have no idea how I'm doing."

CEOs have established their own peer networks to share ideas and seek feedback. They appreciate the funders who have an interest in their professional development or conducted site visits. Even more welcome would be feedback from funders or a funder-led push for boards to give more feedback to the CEO.

Funders also have a role to play in ensuring that boards of directors are meeting their fiduciary duties by providing, at a minimum, an annual performance review of the CEO.

Funders can also help by providing suggestions about the best way to keep them engaged in the organization's work — A weekly or monthly email? Regular check-ins? Annual reports? Even if it is not standard across all funders, it would go a long way to let grantees know what you want to see and how often you want to see it.

04

FUNDERS HAVE A ROLE TO PLAY IN NONPROFIT GOVERNANCE.

The term "organizational health" came up frequently in the survey and interviews to describe challenges with things like board management, cash-flow projections, and emergency fund development. All references to organizational health translated directly to concerns about governance.

One board member summed up what many said: "Boards are there for governance. The lack of understanding of their purpose is where a lot of youth organizations are lacking and failing."

CEOs are desperate for resources and training on how to navigate board management. Templates, best practices, and management tips are a few of the things CEOs are looking for. This is a clear gap in the management and skills training organizations offer and one that funders could be especially helpful filling. Leaders are searching for recommendations on what size a board should be, what skill sets board members should have, how frequently executives should communicate with board members, what role board members play, and what the executive must do to support a board.

Nonprofit boards serve as a safeguard of a public trust. Board members are responsible for adopting legal and ethical governance and financial management policies to make sure the nonprofit is advancing its mission and has adequate resources to do so.

Particularly in the youth sector where many are new leaders, CEOs need support in holding boards of directors accountable for ensuring good governance. The question of how involved funders should be in organizational management is a difficult one to answer. But it is clear that funders have an opportunity and a responsibility to engage at a board level to ensure their investments are well protected.

Consider that almost all youth organizations have founders or former employees on their boards — a custom that flies in the face of one of the most well-established best practices and creates an unsurprising source of tension for CEOs. It's not a problem CEOs can easily solve because removing a board member is not within their control. Having an outside partner invested in organizational health can be helpful in advocating for change.

OFFER INDEPENDENT ORGANIZATIONAL HEALTH AUDITS AS LEARNING OPPORTUNITIES.

Funders can facilitate audits that determine the health of the youth organization. An audit like this looks beyond the financials at leadership, staff, board members, communications infrastructure, operations processes, written plans, and governance issues.

Some organizations may be insulted, but if they are a current or potential grantee, funders can insist upon it. This exercise can help make sure that current and future investments are being made in a highly functional organization. In fact, this should be a welcome opportunity to learn more about ways to improve the way the organization operates. One board member said to be wary of groups that resisted it: "It's not a deal breaker, but it should be a giant red flag."

Funders should be explicit that the purpose of an organizational health audit is not to make funding decisions or to expose failures or frauds. Rather, it is to provide helpful suggestions for improvement and determine what resources are needed to implement suggested changes.

Post-audit, however, it is important that funders find a way to ensure recommendations are implemented. Several organizations have discussed developing the tools nonprofits need to do excellent work, as well as mechanisms by which to hold nonprofits accountable for making improvements. Setting clear benchmarks for organizational reforms — and putting some force behind them — can really help leaders get resources and attention on issues they otherwise may struggle to get boards, funders, and staff to address.

FUND BOARD TRAININGS.

Just like the young staff stepping into leadership roles, many boards are comprised of first-time board members. Many board members do not know how to run a board meeting; what their fiduciary responsibilities are; what role they should play in relation to staff; how to check an organization's financials or ensure systems are functioning; and how to review CEO performance. Because these directors intend to do their best for the organizations they serve, it would be incredibly helpful for funders to provide the resources necessary to professionalize boards by training people on how to be excellent board members.

04

GET A SEAT IN THE BOARDROOM.

Having at least one active funder (read: invested stakeholder) on a board who can serve as an instigator around governance could go a long way to helping improve the health of youth-sector organizations. Even a nonvoting board spot would allow the funding community an inside look into how the organization functions, without overpowering existing members. Funders should be clear about their role being limited to governance from the beginning, as boards and CEOs will be wary of funders who are trying to drive programming from within.

05

YOUNG CEOs NEED HELP FIGURING OUT HOW TO MANAGE MILLENNIALS.

It's well documented that Millennials have strong beliefs that transfer to the workplace, including an inclination to challenge and question authority. This generation is more empowered than entry-level staff used to be. Command-and-control leadership doesn't work anymore, which makes management more difficult and more time consuming.

Millennials want to be considered in the decision-making process and do not fear losing their jobs over such a demand, as previous generations may have. Rather, young people now have an arsenal of tools at their disposal to make themselves heard — and hold leaders accountable. If staff don't like something or someone at an organization today, they can post about it on Facebook and Twitter — or anonymously on Glassdoor.

PROVIDE RESOURCES FOR MANAGEMENT COACHING.

There are a variety of ways changing attitudes and technology challenge leaders. CEOs must first and foremost adapt their management skills, putting a high priority on transparency, explaining their decision making, and offering clear expectations. CEOs need more support in developing and communicating organizational values, as well as processes to praise work and provide constructive criticism.

PROVIDE PROFESSIONAL DEVELOPMENT FOR JUNIOR STAFF.

There are a few concrete ways funders can help support CEOs in their management of Millennials. First, funders can support the development and implementation of a training for Millennials entering the workforce that focuses on how to be an employee. The Management Center is currently working on an "Owners" training to teach people doing the work how to manage up. Whether this one or another, it is clear that a training like this would benefit everyone in an organization.

Second, funders can help CEOs provide

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professional development opportunities to their staff. There are a lot of ways leaders support the professional growth of their staff, but it is still difficult to allocate funds specifically for this purpose. Funders could proactively request their own capacity-building budgets or set up a collaborative fund to send junior staff to events like Rootscamp, Netroots, Generation Progress, as well as trainings by Wellstone Action, Rockwood, or The Management Center. Of course, this only works if CEOs communicate openly about their need for professional development support for their staff.

Best Practices:
Lessons for Leaders

While this report was prepared primarily for funders, the survey responses and interviews helped identify several best practices that could help board members and young CEOs.

The following best practices are categorized according to who should implement the recommendation to maximize impact, although funders have a key role to play in ensuring that many, if not all, are implemented.

Board Members

Set clear board participation expectations. The strongest boards are the ones with active board members who attend (and actively participate in) board meetings — and they carry out any other commitments they've made to the staff. This is possible only if there is a clear set of expectations up front.

One organization's board meets three times each year for in-person, multi-day meetings. Despite requiring travel and time off to attend, the participation rate at these meetings is high because the expectations are clear from the beginning: participation requirements and responsibilities are outlined in a board agreement that members sign prior to joining the board.

Implement an intentional, focused board recruitment process. If the goal is to build a strong board of directors, the composition of the board cannot be left to chance. The CEO and board must go through a process of determining what the ideal profile of a board member is and then go through an interview process to find a match. While keeping diversity in mind — not just for race, gender, and age but also skill set — the search process should include a thorough interview of interested candidates. Organizations should not be begging people to join their boards.

Develop a new board member orientation. Like a staff orientation, this best practice may seem obvious. But in the middle of all the other responsibilities that fall to the CEO, carving out time to build and run a board orientation can be challenging. That said, board orientations are the best way to establish a relationship, ensure the expectations are clear, and align on vision and values.

Do not invite former staff to join the board of directors. There is an inherent tension between an organization's past and its future; this tension is exacerbated by having a direct former employee in a board role. "Former staff want to hang on to where we've been. We get it — it's their baby. But it's too emotional to be good governance." Funders should openly advocate for this as a best practice.
It's also advisable to ensure that the board does not include people who are close to former staff members. This can lead to back-channeling and make it difficult for the new leader to establish themselves or build trust with board members.

Allow new CEOs to select some new board members. Based on the interviews and survey, no one, including the CEOs, wants a board that will simply rubber stamp CEOs' decisions. CEOs want and need people to strategize with, people to challenge their ideas — people who will really engage in the organization. The highest functioning boards all have the same common characteristic: There is a strong, trusting relationship between the CEO, the board chair, and at least a few board members. Including new CEOs in board recruitment processes helps ensure that the board and the CEO form strong relationships, and that the CEO views the board as trusting advisors (and not adversaries).

Conduct annual board assessments. A strong board is critical to the health of any organization, but it can be difficult to bring attention to areas that require improvement with the people responsible for your employment. There are tools that can help assess whether the board of directors has a full and common understanding of the roles and responsibilities; the structural pattern (board, officers, committees, executive, staff) is clear; needed skills, stakeholders, and diversity are represented on the board; and the board attends to policy-related decisions that effectively guide the operational activities of the staff. A 360-evaluation like this can help kick-start a conversation with board members about what changes may need to be made.

Engage an outside observer to provide perspective and feedback. Even after a board orientation, it can be helpful to engage a senior operative to advise the board of directors as to what its role is, what it isn't; when to engage, and when to leave a decision or task to the CEO.

Executives

Do your due diligence before accepting the position. Before taking a position running a nonprofit, particularly in the civic engagement space, it is important to ask a lot of questions. Since financial stress weighs most heavily on nonprofit CEOs, it is important to fully understand the financial situation of the organization before you accept the role as its leader. Specifically, ask to see the financials, past audits, board meeting minutes, cash-flow projections, and the next round of grants in queue. If there is a finance committee on the board, ask to speak with them to review the documents together.

Ask for a CEO contract. It is industry standard for an organization with over five people and a budget of over $500,000 to offer a CEO contract. Beyond that, it is a best practice. The resignation or termination of an institutional leader challenges the stability and credibility of the organization; contracts with provisions for succession planning help mitigate the damage a transition can cause. Contracts also set a schedule for an annual review, during which time feedback can be given and clear goals can be set for the coming year.

Build trust by over-communicating decisions. Especially in the beginning of a new leadership post, it is important to give staff as much information as possible about how a decision was made. In addition to sharing leadership decisions, it's helpful to share the outcomes of board meetings. In some cases, having staff sit in on the board meetings to see the decision-making process for themselves can be helpful.

Ask for help and do not hide problems from board members or funders. New leaders are not expected to be perfect — mistakes will be made. If there's an area that's particularly challenging, ask funders or board members for help. And when (not if) you make a mistake, don't try to hide it. If you have a good board of directors, share the issue and solicit their advice and support. If you do not trust the board enough to communicate about problems, the organization is not set up for success and something needs to change. In the short term, funders can be helpful allies and may be able to offer outside coaching or mediation to strengthen the working relationship.

Build a real relationship with your funders. One of the best ways to build relationships is to spend time together! Most funders do — or are willing to — visit the office(s) of the organization they fund. These visits can go a long way to building lasting relationships with funders. Suggest times and days that would be good for a funder to spend time with you and your team or invite funders to participate in events you're hosting. From debate watch parties to phone banks to rallies, funders like to see the work they support up close (or at least be invited!).

Create clear job descriptions — and revisit them regularly. Job descriptions are not just a formality. They help set the expectations of — and goals for — young staff who seek ownership and empowerment in their work life. Because the job description should be an accurate reflection of the work the staff person will do, it requires a thoughtful review. Make sure each component of the position is clear, the expectations for conduct are enumerated, and the goals are set. If it's clear that one individual can actually do all the things in the description, use the job description. If not, reconsider the role and rewrite it. And be sure to revisit these descriptions with staff annually (at the very least). This is crucial to maintaining a mutual understanding of roles and responsibilities as they evolve.

Define goals and values clearly. With Millennials, having clear goals and values is important — and constantly reinforcing what they are is crucial. Praise for staff achieving these goals and exhibiting these values should be just as transparent with the entire team as constructive criticism is when they are not. This helps satisfy the need Millennials have to understand the context for every decision; without it, there may be rebellion. The systems and processes help people understand that goals and values will be clearly communicated, as well as how and when they will be discussed.

Orient new staff with a clear-cut agreement around roles and decision making. One organization hires staff in cohorts and then hosts a week-long orientation for these new staff members. The focus is on making sure they understand what the broader vision for the organization is and how their work fits into it. It also makes clear what the expectations are for communication (up, down, laterally, and out). Joan Garry also has a good guide on how to run a successful orientation, but more training materials would be useful.

Be intentional about diversifying staff. Hiring is difficult and time consuming. Many youth organizations are getting better about racial diversity on staff, but there is still a long way to go — and a huge gap at the senior leadership level. Boards and leaders need to work together to examine the organization's hiring process and determine ways to improve it. One organization has implemented a process in which candidates are evaluated based on a series of administered tests, the results of which are blind of age, gender, race, and educational background.

Set up internal working groups through which staff make recommendations to management. When young staff can participate in the process of crafting recommendations and can see their recommendations being acknowledged — and sometimes even implemented — it builds trust. It also signals that the organization has a process to make changes and, if followed, it works.

Establish an accountability system. Learning how to hold people accountable and manage a big team is challenging. There are many complications that come along with managing as the CEO that aren't taught in school. Finding the line between transparent communication and oversharing is a struggle for many leaders and something that usually requires scenario-specific evaluation. It's important to have a public space these days where praise and constructive feedback are shared — if you make a personnel decision that staff don't have context for or understand, they will rebel.

Next Steps

Model Best Practices As A Funder

Many of the recommendations in this report can be implemented by funders at little-to-no cost. Below is a list of recommendations that do not require funding, along with suggestions for how to approach implementing them.

Report Recommendation	**What You Can Do**
Increase transparency around grant making.	Publish your grant-making guidelines, timelines, and decision-making processes online.
Acknowledge the funder-grantee dynamic and the competition that exists between organizations.	Send congratulations when you see something positive in an article, social media post, blast email, or CEO update. Alternatively, if you see or hear something that concerns you, reach out to the CEO.
Coach new CEOs on fundraising and make informal connections to your network.	Provide feedback to new CEOs on their plans and pitch. Offer to make connections to other funders in your network or people who can provide a certain (lacking) expertise to the new CEO.
Show up to see grantees in action.	Set up a time to visit an organization's office or take the staff out for a meal. Accept invitations to attend events the organization is hosting — or even sign up to volunteer for an organization's voter engagement activities (phone banking, canvassing, etc.).
Get a seat in the boardroom.	Find out who is on the board of directors and who else funds the organization. If the board does not have any peer funders, determine who would be best suited to serve and request that the CEO and board chair consider adding your suggested member.

Model Best Practices As A Funder

Report Recommendation	What You Can Do
Coach boards to avoid putting founders/former staff on boards.	As part of your due-diligence process, find out if the organization's founder or immediate former CEO serves on the board. If they do, share that it is well-established best practice for founders and former CEOs to keep their distance from official governing roles — and ask them to consider implementing this recommendation.
Encourage organizations to provide CEO contracts.	As you do your due diligence, find out if the CEO has an employment contract and, if not, if they want one. Before making a commitment, share with the board that you think it is a good idea. If that's not possible, consider building a key-person clause into your grant agreement.
Solicit leadership transition plans.	As you do your due diligence, find out if the organization has a standard leadership transition plan in place, especially for sudden departures.

Collaboratively Fund Capacity Support

There are a lot of recommendations that require resources to implement. It is worth considering a pooled capacity-building fund to fulfill the following recommendations.

Report Recommendation	What You Can Do
Fund the creation of a resource center for CEOs.	P ut out an RFP to have an online toolkit built containing templates, best practices, and worksheets on the topics of board management, budget management, donor management and human resources would be helpful. Put out an RFP to solicit proposals on the development of such a resource center. This can cost \$20,000–\$50,000.
Offer CEOs time with subject matter experts.	Develop a list of vetted consultants and/or firms that specialize in the areas where the most help is needed: management coaching, budgeting, fundraising, board development/management, accounting, human resources, strategic planning, etc. Allow approved organizations to access these experts for a set amount of time each month.
Support junior staff development.	Set aside a certain amount of money organizations can solicit in order to send junior staff to events or trainings. Alternatively, sponsor events and trainings at a high enough level that you obtain enough passes/ spots for grantees. This can cost \$100–\$750 per attendee.

Collaboratively Fund Capacity Support

Report Recommendation	**What You Can Do**
Fund (mandate) board training.	Put out an RFP to solicit proposals for the development of a Board Member 101 training to establish a baseline set of understanding among board members at various organizations about what their responsibilities are and how to engage with their CEOs. This can cost $20,000–$50,000. Offer to fund (or mandate with funding) board trainings for individual organizations. This can cost $5,000–$10,000.
Fund organizational health audits.	Fund an external consultant/firm to evaluate the organizational health of grantees and potential grantees. This can cost $10,000–$20,000.
Fund the development of a transition playbook.	Put out an RFP to have a transition playbook written as a guide that organizations can use to inform how they plan and implement their own transition plans. This can cost $40,000–$50,000.

Provide Additional Funds for Critical Gaps

The cost of implementing the following recommendations depends on the size and specific needs of each organization. Funders should consider providing resources as needs are identified.

Report Recommendation	**What You Can Do**
Provide resources for management coaching.	Offer specific funding assistance for engaging a management coach. This can cost anywhere between \$5,000–\$10,000 per month.
Improve convenings.	Provide a dedicated space and time for CEOs to network with peers and/or funders at your convenings. Consider trading a panel discussion for a practical skill training, like public speaking or strategic plan writing. Offer participants a tangible service like free head shots or bio writing. Offer to reimburse participants for travel expenses.
Incentivize formal hiring processes.	Offer to provide funding for a headhunter/recruiter to help fill the position and/or a management coach to help guide the board of directors through a professional hiring process. This can cost anywhere between \$15,000–\$50,000.
Fund transition periods.	During a transition, consider giving an organization 1.5x what you would normally give. This allows new CEOs time to get oriented before they have to fundraise.
Commit to multiyear grants.	Provide commitments to organizations so they can plan accordingly. Distribute the grants along a predetermined timeline if/when the organization provides data showing they have met its annual requirements.

Resources

Alliance for Nonprofit Management:
We are dedicated to building the capacity of individuals, organizations, and communities working to achieve positive social change and cultural enrichment.

BoardSource:
Our mission is to inspire and support excellence in nonprofit governance and board and staff leadership.
www.BoardSource.org

The BridgeSpan Group:
We help mission-driven organizations and philanthropists to advance their learning and accelerate their impact.

Grossman Heinz:
We specialize in identifying and recruiting talented individuals from the campaign, advocacy, and political sectors for leadership positions in your organization.
www.GrossmanHeinz.com.

Joan Garry Consulting:
Joan works with nonprofit leaders, assisting with crisis management, executive coaching, and the building of strong management teams to support the work of the CEO.
www.JoanGarry.com

The Management Center:
We help leaders working for social change build and run more effective organizations.
www.ManagementCenter.org

National Council of Nonprofits:
We identify emerging trends, share proven practices, and promote solutions that benefit charitable nonprofits and the communities they serve.
www.councilofnonprofits.org

YOUTH ENGAGEMENT FUND

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