Leadership Characteristics and Practices of Selected High-Performing Nonprofit Organizations in Northeast Florida

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Leadership Characteristics and Practices of Selected High-Performing Nonprofit Organizations in Northeast Florida

by:

Janie Karen Smalley

A dissertation submitted to the Department of Leadership, School Counseling, and Sport Management in partial fulfillment of the requirements for the degree of

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In Educational Leadership

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UNIVERSITY OF NORTH FLORIDA

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12/20/2011
Date
Acknowledgements and Dedication

When this long, arduous journey began, I had no idea how much support and encouragement it would require from my family and friends. I don’t know if I’ll ever fully realize the sacrifices each of you made but I do recognize your love and commitment in helping me achieve this dream.

To Trey: Thank you for enduring this journey with me and giving up your weekends so that I could work on my dissertation. I really appreciate how you patiently listened to me read and reread sections of my paper and the sound advice you gave me when you said, “Mom, it sounds good. Stop changing it and leave it alone.” I love you, my dear son.

To my mom and family: Thank you for helping me become the person I am today. Growing up in a large family taught me the importance of understanding the intricacies of building relationships, a trait that has helped me both professionally and personally.

To Michelle, my best friend: Thank you for being so supportive. Your encouragement enabled me to not only take on this huge commitment but also helped me succeed despite the inordinate demands that come in life.

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Abstract

The nonprofit sector plays a vital role in the quality of life in any community. Challenges such as economic fluctuations, the organization’s image in the community, and adverse legislative policies threaten the vitality of organizations. It is incumbent upon nonprofit leaders to help their organizations overcome these challenges. It is therefore important to understand leadership characteristics and practices of organizations that achieve a high-level of performance and have the ability to overcome threats to their success. The purpose of this mixed-method study was to examine the nonprofit sector in northeast Florida, identify a selected sample of high-performing organizations, and understand the relationship between the paid and volunteer leaders. Using quantitative methods, data were collected on 108 nonprofit organizations located in the Jacksonville Metropolitan Statistical Area (MSA), a 5-county region including Baker, Clay, Duval, Nassau, and St. Johns. The data included demographic information such as financial statistics, longevity of service, and service areas provided by these organizations. The qualitative component of this study included data gathered through interviews with elite informants and nonprofit leaders. Elite informants were interviewed to identify a selected sample of high-performing organizations in northeast Florida. Interviews were conducted with 37 paid executive leaders and volunteer board members from the sample of 10 nonprofit organizations. As a result of these interviews, nine leadership characteristics and practices were identified as characteristic of high-performing nonprofit organizations.
CHAPTER 1

Introduction

The nonprofit sector has been characterized as “the life force that has long been a centerpiece of American culture” (Salamon, 2002, p. 3). Undoubtedly this sector has gained this reputation because of its ability to promote civic engagement and social justice, two of the fundamental values of American democracy. Through volunteerism, philanthropy, advocacy, and direct services, nonprofit organizations engage citizens and promote a civil society. Their long-standing commitment to helping those who are disadvantaged and underserved along with their ability to inspire and mobilize large groups of people for a common cause help to break down political and social barriers and become a catalyst for social change.

In addition to playing a significant role in civic engagement, the nonprofit sector also provides other important benefits to society. For example, the nonprofit sector has the ability to impact the lives of everyone in the community either directly or indirectly through its consumers, volunteers, employees, donors, and funders (Littlepage, KBT & Associates, & Oldakowski, 2006). Moreover, the services offered by nonprofits have what can be described as a rippling effect as the people who benefit directly from these services are then able to make positive contributions in society. These positive contributions turn into larger benefits in society, which may be received as an immediate impact or one delayed to later years. For instance, an immediate benefit would be adult education programs. Adults who improve their skills and knowledge can gain better
employment, which in turn may reduce their need to rely on social services such as government funded healthcare and food programs. Organizations that provide long-term benefits include programs such as high-quality preschool programs for children born in poverty and at high-risk of failing in school. Children of disadvantaged families who received high-quality preschool programs are more likely to achieve economic success, be less reliant on social service programs, and commit fewer crimes (Heckman, 2011; High/Scope Educational Research Foundation website, 2008). Thus, the long-term benefits to society are the contributions the children make in adulthood.

Nonprofit organizations (NPOs) are also unique for their governance structures. The governance structure of NPOs is made up of a board of directors, a chief executive, and, in some organizations, a team of executive leaders. Unlike their counterparts in the for-profit and government sectors, nonprofit organizations are governed by a volunteer board composed of independent members who have no financial interest, family, or business relationships to the organization (IRS, 2008a). Although the Internal Revenue Service supports this notion of an independent board, it is not required as a part of the nonprofit’s 501(c)(3) status. Instead, having an independent, volunteer board is generally enforced by funders, donors, and through the public’s perceptions of what constitutes a conflict of interest. This will be discussed in more detail later. What makes the governance structure of nonprofits so unique is the leadership, which consists of two distinct groups composed of volunteers and paid staff. The volunteer group and the paid staff each have their own responsibilities to the organization and yet must cooperate with each other to carry out the agency’s mission.
Nonprofit leaders have a significant level of responsibility to ensure the organization is successful. In order to lead an organization to success, leaders must work together in a collaborative manner. In their study of high-impact nonprofits, Crutchfield and Grant (2007) described the model of nonprofit leadership as “the power of collective leadership . . . [which] doesn’t only exist at the very top of high-impact nonprofits; rather, it extends throughout the organization” (pp. 155-156). Another important characteristic of effective nonprofit leaders is that, unlike business leaders, nonprofit leaders leave their own egos behind as they put the needs of the organization first (Collins, 2005; Crutchfield & Grant, 2007).

Overview of the Nonprofit Sector

Nonprofit organizations classified as a 501(c)(3) are exempt from federal taxes. The federal body responsible for granting organizations tax-exempt status is the Internal Revenue Service (IRS). The IRS has approximately 27 separate sections under which to file exemption (IRS, 2008b). This present research focused on organizations that fall within Section 501(c)(3), which characterizes nonprofits as charitable organizations. Generally speaking, to be tax-exempt nonprofit organizations cannot be organized and operated for the benefit of private or individual interests and “may not be an action organization, i.e., . . . may not attempt to influence legislation as a substantial part of its activities and . . . may not participate in any campaign activity for or against political candidates” (IRS, 2011). Throughout this study, charitable organizations or 501(c)(3) organizations will be also be referred to as nonprofits or nonprofit organizations.
The following section provides a framework for understanding the sector and the challenges of determining an accurate estimate of its size. Because the sector does not require all charitable organizations to file tax returns, the information available on the sector as a whole may not accurately reflect the number of organizations in existence. Therefore, agencies that track activity in the nonprofit sector, such as the number of organizations in a given year, do not always provide the same estimates. The next section provides an overview of the sector, beginning with the national level then moving on to the state and local level. The overview of the sector is described using the number of private foundations and public charities, employment rates, charitable giving statistics, and their reported revenues, expenditures, and assets.

**Understanding the Nonprofit Sector**

Determining the size of the nonprofit sector presents many challenges. First and foremost, the question of how to measure the size of the sector is a concern. Should the size of the nonprofit sector be measured by using the number of organizations, types of organizations, amount of revenues and assets, or the sector’s employment capacity? Once it has been decided how to measure the sector, the next challenge becomes where to search for this information. According to a joint report written by Salamon, Geller, and Sokolowski and produced by Johns Hopkins University and the Florida Philanthropic Network (2008), there are “at least four different sources of data available on the nation’s nonprofit 501(c)(3) organizations, and they offer different pictures on even the most basic parameters of Florida’s nonprofit sector” (p. 2). While this appears to further complicate
the problem, the general consensus among researchers is to use data from organizations’ Form 990 filed with the IRS (Salamon et al., 2008).

Understanding the nonprofit sector is also difficult because of the many types of organizations that exist. Because NPOs range in size and mission, the services offered by these organizations are best understood by classifications identified by The National Center for Charitable Statistics (NCCS, 2006). Established in 1982 by the Urban Institute as the national clearinghouse of data on the nonprofit sector in the United States, NCCS is a program of the Center on Nonprofits and Philanthropy, Urban Institute of Philanthropy, Indiana University, hereafter called the Center of Nonprofits and Philanthropy. The 11 classifications are arts and culture, general education (not including institutions of higher education), higher education, general health (excluding hospitals), hospitals, human services/ adult, human services/child, public support and benefit, environment and animal protection, and other organizations.

**National Landscape of the Nonprofit Sector**

In 2005, there were 1.4 million charitable and religious organizations in America (Giving USA, 2007; NCCS, 2008b). In 2006, there were slightly fewer with only 904,313 501(c)(3) organizations registered with the IRS, including congregations, which by law are not required to file Form 990 (IRS, 2008b). In that same year, charitable giving in the United States reached $295 billion (Giving USA, 2007; NCCS, 2008b). The strength of the nonprofit sector is evident “when compared to other sectors of the economy, the nonprofit sector accounts for 5.2% of the gross domestic product (GDP) and 8.3% of wages and salaries paid in the United States” (NCCS, 2006, p. 1). In
addition to its impressive economic standing, philanthropy remained strong. Between 2000 to 2006, giving to the nonprofit sector increased by 28% (NCCS, 2008b).

Volunteer rates, however, did not hold strong. From September 2006 to September 2007, volunteering in the United States was 26.2%, a decrease from the previous year (Bureau of Labor Statistics, 2008). Prior to this decline, volunteer rates in the US had remained the same at 28.8% between 2003 through 2005 (Bureau of Labor Statistics, 2008).

Nonprofits in the United States have higher employment rates than other industries. Unfortunately the most comprehensive data on nonprofit employment rates for both paid and volunteer labor is from 1998, although it was most recently reported in 2002 in *The State of Nonprofit America* published by the Brookings Institution Press and Aspen Institute. According to the 1998 data, in terms of employment, including both paid and volunteer labor, the nonprofit sector in the United States has more workers than the agriculture, wholesale trade, construction, finance, insurance, and real estate industries (Salamon, 2002). In fact at that time, the number of paid employees in the nonprofit sector was 3 times greater than that in agriculture, almost 3 times that of wholesale, and almost 50% more than construction and finance, insurance and real estate (a category of industries reported collectively; Salamon, 2002).

**Florida’s Landscape of the Nonprofit Sector**

The nonprofit sector in the State of Florida is a formidable economic force (Salamon, 2002; Salamon et al., 2008). In their joint report on Florida’s nonprofit sector, Salamon et al. (2008) reported there were 13,686 charitable organizations in 2005. At that time, the nonprofit sector was the fourth largest employer, employing “380,000 paid
workers and an additional 250,000 full-time equivalent volunteer workers” (Salamon, et al., 2008, p. 3). Additionally, the nonprofit sector in Florida generated more than $48 billion in revenues, expended a little more than $44 billion, and possessed approximately $72 billion in assets (Salamon et al., 2008). Although these numbers are impressive by themselves, when compared to other states, Florida’s nonprofits are lagging behind in areas such as charitable giving and per capita expenditures (Salamon et al., 2008).

Although Florida’s nonprofits may be lagging behind their counterparts in charitable giving and expenditures, the growth rate between 1992 and 2005 surpassed other states across the nation. According to Salamon et al. (2008), Florida’s nonprofit expenditures grew by 97% between 1992 and 2005 whereas US nonprofit expenditures grew by only 70% in that same time period. Additionally, during that same time period, giving in Florida grew by 113% and assets increased by 166% (Salamon et al., 2008). In contrast, giving in the US grew by 40% and nonprofit assets increased by 107% (Salamon et al., 2008). It is important to understand that even though Florida’s nonprofits exceeded national growth rates, they still have not caught up to their counterparts in other parts of the nation. There is hope, however; in their report, Salamon et al. (2008) offered four steps to strengthen the capacity of Florida’s nonprofit sector, “improve the sector’s visibility and credibility to business and government, boost giving and volunteering, strengthen cooperation and collaboration with government and build nonprofit capacity” (pp. 19-20).
Northeast Florida’s Landscape of the Nonprofit Sector

In 2005, the northeast Florida region accounted for 7% of the State’s nonprofit organizations, with 995 charitable organizations. The region ranked above the State’s average of 4.9% for nonprofit employment, accounting for 6.1% of total employment. (Salamon et al., 2008). During this same time period, nonprofits in the region also “generated over $3.8 billion in revenues (8.0% of the State’s total nonprofit revenues) and held nearly $5.8 billion in assets (7.6% of the State’s total nonprofit assets)” (Salamon et al., 2008, p. 30). The data reported here came from Florida’s Nonprofit Sector: An Economic Force, a report created jointly by the Johns Hopkins Center for Civil Society Studies and the Florida Philanthropic Network by Salamon et al. (2008). This report defined northeast Florida using a seven-county region including the Jacksonville Metropolitan Statistical Area (Baker, Clay, Duval, Nassau, and St. Johns counties), Flagler, and Putnam counties. Although this report includes counties that were not a focus in this study, its findings were included here because, at the time of this research, it was the most up-to-date information available on the sector in the region.

In summary, the nonprofit sector is a strong economic force as evident by its revenues, expenditures, and assets. Table 1 shows a side-by-side comparison of the finances of the nonprofit sector for all three regions, the United States, Florida, and northeast Florida. At the time of this study, Florida housed 4% of the total number of nonprofits in the United States and accounted for 4% of the revenues and expenditures. Additionally, northeast Florida’s nonprofits represented 7% of the total number of
organizations in the state and accounted for 8% of total revenues and 9% of total expenditures.

Table 1

*Nonprofit Finances in Northeast Florida vs. Florida and the Nation, 2005*

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of entities</th>
<th>Revenues</th>
<th>Expenditures</th>
<th>Expenditures per capita</th>
<th>Assets</th>
</tr>
</thead>
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<tr>
<td>United States Total</td>
<td>313,790</td>
<td>$1,181.3 billion</td>
<td>$1,085.2 billion</td>
<td>$3,660</td>
<td>$2,083.5 billion</td>
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<tr>
<td>Florida Total</td>
<td>13,686</td>
<td>$48.1 billion</td>
<td>$44.5 billion</td>
<td>$2,505</td>
<td>$76.2 billion</td>
</tr>
<tr>
<td>NE FL Region Total</td>
<td>995</td>
<td>$3.8 billion</td>
<td>$4.0 billion</td>
<td>$2,847</td>
<td>$5.8 billion</td>
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<tr>
<td>Baker</td>
<td>7</td>
<td>$18,675,918</td>
<td>$16,950,802</td>
<td>$690</td>
<td>$23,175,853</td>
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<tr>
<td>Clay</td>
<td>63</td>
<td>$68,465,711</td>
<td>$65,324,944</td>
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<td>Duval</td>
<td>679</td>
<td>$3,313,075,806</td>
<td>$3,497,440,167</td>
<td>$4,230</td>
<td>$4,881,906,281</td>
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<td>Flagler</td>
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<td>$93,256,526</td>
<td>$73,353,784</td>
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<td>Nassau</td>
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<td>$16,330,900</td>
<td>$14,160,920</td>
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<td>$17,334,564</td>
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<td>Putnam</td>
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<td>$33,680,210</td>
<td>$29,501,372</td>
<td>$402</td>
<td>$27,827,881</td>
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<td>St. Johns</td>
<td>129</td>
<td>$290,497,505</td>
<td>$280,995,083</td>
<td>$1,743</td>
<td>$573,865,455</td>
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</tbody>
</table>


**Statement of the Problem**

As the nonprofit sector has gained recognition and independence from the private and government sectors, organizations and research institutions such as the Association for Research on Nonprofits and the Voluntary Sector (ARNOVA) and The Center on Philanthropy at Indiana University have been established to focus on issues that are unique to the sector. Scholars affiliated with these organizations have conducted empirical and theoretical studies and developed resources to better understand the sector and improve leadership practices to enhance organizational performance. Researching
the social sector provides many benefits to a community and the sector as a whole. Studies that focus on a particular issue provide valuable information to others and may serve as a resource for organizations with similar issues. The present study is one such study in that it examined the nature of shared leadership that existed in some of northeast Florida’s high-performing nonprofits. This study’s findings may be helpful to organizations that are struggling with their leadership and organizational performance.

Surprisingly, given how important nonprofits are to the quality of life in communities, they are losing financial support, which not only limits their ability to provide services but also sometimes eliminates these organizations altogether. In 2007, Governor Charlie Crist and some legislators in the State of Florida pushed to reform taxes. As a result, initiatives such as the property tax cut were passed that drastically reduced funding to social service agencies across the State. At the time of this study, estimates had not been released as to how much Florida’s nonprofits lost; however, it is certain that these reforms jeopardized funding from not just the state, but also from local and federal dollars through matching funds and direct program support. Such a tumultuous funding climate increases the importance of understanding what helps nonprofit organizations and their leaders withstand these types of challenges while they continue to have an impact in their communities.

**Purpose of the Study**

The purpose this study was to examine the nonprofit sector in northeast Florida to describe the current state of the sector, identify high-performing organizations, and to develop a deeper understanding of shared leadership in high-performing NPOs.
Generally speaking, the sector is important not only because it promotes civic engagement but also because it provides economic benefits, offers services that improve the quality of life, and becomes a voice for those who have been historically silenced by society. More specifically, the nonprofit sector in northeast Florida plays a critical role in the community as the chief provider of healthcare, educational, and social services (Littlepage et al., 2006). In January 2008, the number of nonprofit organizations in northeast Florida that were registered with the IRS consisted of

- 484 private foundations with approximately $772,889,719 in revenue and $1,441,768,662 in assets, including 379 located in Duval County,
- 3,538 public charities with an estimated $4,885,690,975 in revenue and $6,868,618,263 in assets, including 2,505 located in Duval County.

(NCCS, 2008a)

**Research Questions**

This research was guided by the following questions:

- What is the current state of the nonprofit sector in northeast Florida?
- Do people with an elite perspective of nonprofit organizations in northeast Florida agree in their identification of high-performing nonprofits?
- What are the leadership characteristics and practices in northeast Florida’s high-performing nonprofit organizations?
Design and Methodology

The first phase of the study consisted of a description of the current state of the sector in northeast Florida. A general overview of the sector was developed by using the 2008 membership list from the Nonprofit Center of Northeast Florida as a starting point. To ensure a representative sample of high-performing organizations was generated, additional criteria were used to include organizations outside the membership list of the Nonprofit Center. Criteria for selecting these organizations included the following five categories:

- A registered charitable organization that is not a religious congregation, institution of higher education, or healthcare organization;
- A minimum budget of $150,000 to ensure the organization has at least one paid staff member;
- No less than three years of service;
- Tax return, Form 990, filed in the last three years; and,
- Geographically within the Metropolitan Statistical Area (MSA) of Jacksonville, Florida.

The sector was described through quantitative measures such as financial information, years of service, and the number of paid staff and board members.

The second phase of the study consisted of interviews with people who had an elite perspective of the nonprofit sector in northeast Florida. Their expertise was developed from working with the sector in many capacities such as providing services and resources, training, funding, and research. I chose community and executive leaders from public support and benefit organizations such as the United Way of Northeast
Florida, Nonprofit Center of Northeast Florida, Community Foundation of Northeast Florida, Jessie Ball duPont Fund, Jacksonville Community Council, Inc., and the Women’s Giving Alliance. These interviews provided the study with a long, broad perspective about the sector and resulted in the identification of 15 high-performing organizations.

The third phase of the study consisted of interviewing executive officers and a sample of board members from the nonprofit organizations identified through the data gathered and elite perspectives conducted in the previous phases. The interviews provided a deeper understanding of the characteristics and practices of leaders in high-performing nonprofits in northeast Florida.

The fourth and final phase of the study consisted of analyzing the data and conducting interviews with the field experts from Phase 2 of the study. Conducting interviews with the field experts refined the findings and provided a better understanding of their implications for other nonprofit organizations in northeast Florida.

Data collection and analysis for this study were conducted over two years. As illustrated in Figure 1, beginning in February 2009, financial and demographic data collection on northeast Florida’s nonprofit organizations lasted approximately four months. Upon completion of the data collection, interviews with the field experts began and also took approximately four months to complete. Next, interviews with nonprofit leaders began in October 2009. This interview phase took nine months to complete. After all of the interviews were conducted, the data were analyzed. Following data analysis, I presented the preliminary findings to field experts who agreed to review and discuss their opinions with me.
The methodology of this study, described in detail in Chapter 3, was both quantitative and qualitative and involved identifying leadership characteristics and practices of northeast Florida’s high-performing nonprofits. Through data collection of financial and general demographic information and interviews with people who have an elite perspective of the region’s nonprofits and their leaders, this study identified 15 high-performing organizations. This inquiry focused on the relationships among volunteer board members and paid executive leaders within these high-performing organizations. Interviews with board members, chief executives, and executive staff members were conducted to better understand the nature of the relationship between the people collectively referred to as nonprofit leaders.

This study provided important information about the current state of the sector and insights into the shared leadership that enables strong organizations to overcome internal and external challenges. This study was timely given current events such as the

**Figure 1.** Timeline for the study.

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<tbody>
<tr>
<td>Quantitative Data: Financial &amp; Demographic Data</td>
<td>Qualitative Data: Interviews with Elite Informants</td>
<td>Qualitative Data: Interviews with Nonprofit Leaders</td>
<td>Data Analysis and Interpretation</td>
</tr>
</tbody>
</table>

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The methodology of this study, described in detail in Chapter 3, was both quantitative and qualitative and involved identifying leadership characteristics and practices of northeast Florida’s high-performing nonprofits. Through data collection of financial and general demographic information and interviews with people who have an elite perspective of the region’s nonprofits and their leaders, this study identified 15 high-performing organizations. This inquiry focused on the relationships among volunteer board members and paid executive leaders within these high-performing organizations. Interviews with board members, chief executives, and executive staff members were conducted to better understand the nature of the relationship between the people collectively referred to as nonprofit leaders.

This study provided important information about the current state of the sector and insights into the shared leadership that enables strong organizations to overcome internal and external challenges. This study was timely given current events such as the
economic climate, reports of misconduct, and Congressional hearings for stronger regulation affecting NPOs in northeast Florida and across the state.

**Conceptual Framework**

The conceptual framework for this study was developed using four primary sources: *Profiles for Excellence* (1991) by E.B. Knauf, Renee A. Berger, and Sandra T. Gray; *Good to Great* (2001) and *Good to Great and the Social Sectors: A Monograph to Accompany Good to Great* (2005) both by Jim Collins; and, *Forces for Good: The Six Practices of High-impact Nonprofits* (2007) by Leslie A. Crutchfield and Heather McLeod Grant. Together these four studies provided a framework for identifying characteristics for high-performing nonprofit organizations. The common characteristics focused on the areas of leadership, mission, adaptation, resource development, and social movement.

Common characteristics of successful nonprofit organizations identified by the sources used for the conceptual framework included strong leadership, mission and service, adaptation, and mobilization of resources. These scholars emphasized the importance of these characteristics in high-performing nonprofit organizations; however, there were some differences in how these characteristics were defined among the sources. Chapter 2 explains these differences in more detail.

**Significance of the Study**

Previous research conducted in northeast Florida concerning nonprofits has focused primarily on the financial well-being of the sector. While financial assessments
provide useful information about areas such as revenue growth, program spending, administrative costs, and fundraising efforts, these assessments do not provide useful information on the effectiveness or impact of an organization. Many researchers agree that using only financially based information to measure a nonprofit’s effectiveness is misleading (Center on Nonprofits and Philanthropy et al., 2004a, 2004b; Crutchfield & Grant, 2007; Lowell, Trelstad, & Meehan, 2005; Snibbe, 2006). This study adds to the body of literature currently available on northeast Florida’s nonprofit organizations and more importantly provides new information on the region’s nonprofit sector. Occurring in four phases, this study provided a general overview of the nonprofit sector in northeast Florida, identified a sample of high-performing organizations, and investigated the nature of the relationship among its leaders.

**Brief Summary and Organization of the Study**

In summary, the nonprofit sector in northeast Florida is not only important as an economic force but also to the quality of life of the citizens in the region. Without the services provided by NPOs, this community would not have the arts and educational programs, healthcare facilities, and social services it has come to enjoy. Citizens rely on nonprofits, not only as an alternative to the services provided by government or for-profit businesses, but also as a necessity to live better, more productive lives. The research conducted to date on the nonprofit sector on a national level covers an array of issue areas. However, research that has been conducted in the State of Florida and the northeast Florida region has been short on empirical studies that have investigated issues beyond fiscal accountability. This study examined the sector in northeast Florida and
focused on high-performing organizations and their leadership. Chapter 2 provides greater detail of the conceptual framework for the study and an in-depth review of the relevant literature. The literature discussed several challenges identified by the research as the most pressing current issues facing nonprofit leaders including fiscal stability, succession planning, accountability, fundraising, image in the community, and growth.

Following the review of the literature, Chapter 3 describes the methodology. As stated earlier, this study was mixed-method design using both quantitative and qualitative data. The quantitative data collected provided a general understanding of the nonprofit sector as described by the following indicators: budget, longevity of service, and number of paid staff and board members. Qualitative data were collected through a series of interviews with people determined to have an elite perspective on the sector, executive leaders, and board members. The outcome of the data yielded an identification of 15 high-performing nonprofits and an understanding of the nature of shared leadership at such organizations. The results of the data analysis are described in Chapter 4 of this study. The significance of these findings resulted in the identification of leadership characteristics and practices of high-performing organizations, which are discussed in greater detail in Chapter 5. This chapter provided an overview of the study and a general understanding of the nonprofit sector. The next chapter explains relevant literature in the study of high-performing nonprofits and leadership.
CHAPTER 2

Literature Review

This chapter is a review of the literature used to develop a framework for understanding the nonprofit sector and leaders of high-performing organizations. The literature provides a better understanding of the complexities of nonprofit leadership and organizational challenges. Four works were used to develop a conceptual framework to guide this study. The scholars of these studies identified high achieving organizations and the leadership characteristics that contributed to an organization’s success.

Scholars agree that leaders of high-performing nonprofit organizations share a common approach to leadership: a collaborative approach that includes sharing power (Collins, 2005; Crutchfield & Grant 2007; Knauf et al., 1991). The research suggests that collaboration and power sharing occur among the members of the board and the executive leaders as well as within their own units (Knauf et al., 1991) and in some cases with others throughout the community (Crutchfield & Grant, 2007). As a result, leaders of the social sector are unique for their ability to lead high achieving organizations without relying upon individual power (Collins, 2005; Crutchfield & Grant, 2007). In fact, scholars believe it is their collaborative leadership that helps high-performing nonprofit organizations achieve such great results (Collins, 2005; Crutchfield & Grant, 2007; Knauf et al., 1991).

A nonprofit’s performance is also attributed to the functionality of the board and the executive as separate units. Numerous books and studies have been dedicated to
improving board performance and effective leadership because governance is viewed as integral to an organization’s success. Time after time, studies of high-performing nonprofit organizations have shown effective boards share similar characteristics such as dedication and commitment to the mission, adaptability to changing conditions, communication, power sharing, and fundraising (Collins, 2005; Crutchfield & Grant, 2007; Knauf et al., 1991; Light, 2002).

To ensure good governance practices, it is recommended that nonprofit boards consist of independent members (IRS, 2008a; Improving Head Start for School Readiness Act of 2007) with a diverse array of talents and knowledge (Knauf et al., 1991; Improving Head Start for School Readiness Act of 2007) and should reflect the constituents they serve (Improving Head Start for School Readiness Act of 2007). The Internal Revenue Service recommends, “a governing board should include independent members and should not be dominated by employees or others who are not, by their very nature, independent individuals because of family or business relationships” (IRS). While the Internal Revenue Service does not legally prevent organizations from compensating nonprofit board members, this practice is strongly discouraged (Panel on the Nonprofit Sector, 2007). In fact, some funding agencies, including the Federal Government, have begun regulating the composition and responsibilities of nonprofit board members through grant and contractual requirements. For example, in 2007 the Federal Government passed the Improving Head Start for School Readiness Act of 2007, which imposed new requirements for board composition and included a conflict of interest policy. Specifically, the conflict of interest policy states that board members “shall not receive compensation for serving on the board or for providing services…[and]
shall not be employed nor shall members of their immediate family be employed” by the agency receiving compensation (Improving Head Start for School Readiness Act of 2007, p. 1400).

Knauft et al. (1991) argued that the board membership should reflect a diverse array of talents so that organizations can benefit from the knowledge bank. Similarly, the Internal Revenue Service recommended, “successful governing boards include individuals who not only are knowledgeable and engaged, but selected with the organization’s needs in mind (e.g., accounting, finance, compensation, and ethics)” (IRS, 2008a). The Urban Institute and Indiana University (2004) also supported this notion by proposing that nonprofits receive many benefits from having board members with experience and knowledge in financial matters, one of which is their ability to assess the professional qualifications of financial staff. In short, while it is desirable to have a diverse group of members on the governing board, maintaining such a diverse group of people requires a system for recruitment, training, and evaluation (BoardSource, 2005; Center on Philanthropy et al., 2004b; Leduc & Block, 1985; Masaoka, 1999; Miller-Milleson, 2003; Panel on the Nonprofit Sector, 2007).

The challenges that nonprofit leaders face go beyond collaboration and board management, however. Nonprofit leaders must also deal with external challenges. For the purposes of this research, these challenges are identified as financial stability, accountability, fundraising, public image, and growth. While these challenges are common among all nonprofits, what distinguishes high-performing organizations from other nonprofits is their “commitment to continuous improvement” (Light, 2002, p. 132). Paul Light described this commitment to continuous improvement as an organization that
“updates its strategic plan regularly, invests in staff training, continues to evaluate and measure its performance, modernizes its systems, and continues to exploit opportunities . . . [and] constantly raise[s] the bar on their own performance” (p. 131).

Other practitioners and scholars have offered solutions for nonprofit leaders who are faced with such external challenges. For example, if nonprofit leaders are struggling to maintain fiscal stability and accountability, scholars recommend creating sound policies and procedures and establishing clear roles and responsibilities (Colby, Stone, & Carttar, 2004; Nobbie & Brudney, 2003; Panel on the Nonprofit Sector, 2007; Urban Institute and Indiana University, 2004). For those nonprofit leaders who are faced with fundraising challenges, scholars suggest developing a strategic plan that forecasts the needs of the organizations that will provide guidance for leaders who are responsible for acquiring resources such as money, volunteers, and staff (Knauft et al., 1991). In addition, for nonprofit leaders who face public scrutiny, scholars recommend full disclosure of accounting practices and working with the media to overcome negative public images (Bowman, 2004; Morrison & Salipante, 2007; Perry, 2008). Finally, nonprofit leaders who are having difficulty managing change can be successful by being adaptable to their constituents’ needs (Crutchfield & Grant, 2007; Knauft et al., 1991).

In addition to the challenges that nonprofit leaders must overcome, they are also expected to elevate their organization’s performance to a high level making a greater than ordinary impact. The literature describes the impact using terms such as *excellence* (Knauft et al., 1991), *moving beyond mediocre* (Collins, 2001, 2005), *pathways to excellence* (Light, 2002), and *high-impact* (Crutchfield & Grant, 2007). Just as nonprofit leaders must overcome external challenges, they must also overcome internal challenges.
within the leadership. The following section provides an overview of nonprofit leaders and the dynamics of shared leadership.

**Nonprofit Leadership**

The leadership of a nonprofit organization generally consists of a volunteer board, a chief executive officer or executive director, and senior executives. These leaders work in collaboration with one another by sharing the oversight of the organization and by establishing clearly defined roles and responsibilities (Crutchfield & Grant, 2007; Knauf et al., 1991; Leduc & Block, 1985; McAdams & Gies, 1985). Ideally, both the executive leaders and the board members are responsible for overseeing the operations and managing the financial and human resources of the organization. Where these two groups differ are within the intricate roles and responsibilities assigned to them. Generally speaking, board members are responsible for the organization’s self-governance by providing strategic direction and establishing policies that adhere to all applicable laws. Boards are also responsible for conducting evaluations on a regular basis of their own performance and that of the chief executive. Conversely, chief executives are generally more accountable for carrying out the strategic plans established by the board. Chief executives are also hired, evaluated, and if necessary terminated by the board. Senior executives generally include a second in command and other staff who oversee particular areas such as finance, human resource, fundraising, and program operations.
Regulation of the nonprofit sector is a delicate balance of abiding by laws established by the governing bodies such as the IRS and self-governance on behalf of the leadership team. Laws exist to ensure that NPOs do not abuse the privileges of their tax-exempt status while maintaining sound fiscal operations (Panel on the Nonprofit Sector, 2007). To assist nonprofit leaders in governing their organizations, the Panel on the Nonprofit Sector convened by the Independent Sector created 33 principles to guide sound practices for all charitable organizations. Of these 33 principles, 6 were based on legal requirements. Those six principles include:

“A charitable organization must comply with all applicable federal laws and regulations, as well as applicable laws and regulations of the states and the local jurisdictions in which it is based or operates. If the organization conducts programs outside the United States, it must also abide by applicable international laws, regulations and conventions that are legally binding on the United States” (p. 8).

“A charitable organization should adopt and implement policies and procedures to ensure that all conflicts, of interest, or the appearance thereof, within the organization and the board are appropriately managed through disclosure, recusal, or other means” (p. 9).

“A charitable organization must keep complete, current, and accurate financial records. Its board should receive and review timely reports of the organization’s financial activities and should have a qualified, independent financial expert audit or review these statements annually in a manner appropriate to the organization’s size and scale of operations” (p. 20).

“A charitable organization should establish clear, written policies for paying or reimbursing expenses incurred by anyone conducting business or traveling on behalf of the organization, including the types of expenses that can be paid for or reimbursed and the documentation undertaken in a cost-effective manner” (p. 23).

“A charitable organization should neither pay for nor reimburse travel expenditures for spouses, dependents or others who are accompanying someone conducting business for the organization unless they too are conducting such business” (p. 23).

“Solicitation materials and other communications addressed to donors and the public must clearly identify the organization and be accurate and truthful” (p. 24). Panel on the Nonprofit Sector, 2007, p.p. 8-24
Within these legal constraints, paid and volunteer leaders must negotiate their shared leadership roles.

**Shared Leadership**

The governance model of nonprofit organizations is one in which the leadership is shared by volunteer board members and executive leaders. Scholarly research suggests that one of the characteristics of high-performing nonprofits is the leaders’ ability to work in a collaborative manner and share duties (Collins, 2001, 2005, Crutchfield & Grant, 2007, Knauft et al., 1991). In short, scholars believe the collaboration among the leaders is critical for an organization to be successful. That said, leaders must also take ownership of certain issues. These issues are ongoing and keep the organization dynamic as it adapts to an ever-changing environment. Issues that require the board members and executive staff to assume ownership include fiscal stability, succession planning, accountability, fundraising, image in the community, and growth. In real-world settings these issues often overlap and are so closely related that it sometimes becomes difficult to distinguish them from one another. However, for the purposes of this research, each area was identified separately to avoid confusion among the issues.

**Board Members, Chief Executives, and Executive Staff Responsibilities**

Board members of nonprofit organizations are generally volunteers who are not compensated for their services. Because nonprofit board members have both legal and ethical responsibilities to the organization, donors, consumers, and the public, it is the responsibility of the board to establish policies and procedures that ensure the
organization is effectively and legally managing financial and operational resources (BoardSource, 2005; Masaoka, 1999; Miller-Milleson, 2003; Panel on the Nonprofit Sector, 2007; Urban Institute and Indiana University, 2004). Therefore board compensation may be viewed as a conflict of interest. The Internal Revenue Service (2008c) governance guidelines stress the importance of compensation issues by stating “the compensation of officers, directors, trustees, key employees, and others in a position to exercise substantial influence over the affairs of the charity should be determined by persons who are knowledgeable in compensation matters and who have no financial interest in the determination” (p. 3). This belief is also supported by the Principles for Good Governance and Ethical Practice: A Guide for Charities and Foundations that states “board members are generally expected to serve without compensation, other than reimbursement for expenses incurred to fulfill their board duties” (Panel on the Nonprofit Sector, 2007, p. 19). Generally speaking, board members are responsible for:

- Determining the organization’s mission and purpose;
- Selecting the chief executive and evaluating his or her performance;
- Recruiting and orienting new board members;
- Evaluating the board’s own performance; and,
- Ensuring the organization has adequate resources to effectively carryout the organization’s mission (resource development).

To ensure board members are fulfilling their obligations to the organization, they should receive a formal orientation before they serve on the board. After they are members of the board, they should receive regular training and participate in annual retreats to ensure
the same information is shared with every member (BoardSource, 2005; Brown, 2007; Knauft et al., 1991; Masaoka, 1999; Panel on the Nonprofit Sector, 2007).

The relationship between the chief executive and board is critical to the success of a nonprofit organization. Knauft et al. (1991) argued that the relationship between the board and chief executive is so “important that it can make or break an organization” (p. 137). An important component to creating a strong relationship between these two leadership bodies is communication. It is up to the chief executive to act as the liaison between the organization and the board and maintain communication with the board members. Chief executives must keep the board informed of issues facing the organization without overburdening them with day-to-day problems (Knauft et al., 1991; Leduc & Block, 1985; Widmer, 1993). The chief executive also provides vision and leadership for the organization, manages the executive staff, oversees the financial operations, ensures accountability, complies with legal obligations, develops future leaders, builds external relationships, and serves as an advocate (BoardSource, 2005; Collins, 2001, 2005; Crutchfield & Grant, 2007; Knauft et al., 1991; Leduc & Block, 1985; Masaoka, 1999; Widmer, 1993).

In addition to being led by board members and a chief executive, having a staff of executive leaders is another characteristic that high-performing organizations share. Executive staff leaders have specific responsibilities related to program operations. These staff should have highly specialized knowledge and skills in particular program areas such as finance, human resources, resource development, marketing, and programs knowledge specific to the organization’s mission (Crutchfield & Grant, 2007; Knauft et al., 1991; Salamon, 2002). In addition to having senior managers in different areas,
executive senior staff members at high-performing NPOs also include a second-in-command. Crutchfield and Grant’s (2007) found in their study that all 12 high-impact organizations identified had a strong second-in-command. They discovered the leaders of high-impact organizations appointed a second-in-command to manage the organization’s operations, allowing the chief executive to become the public figure.

Leading a nonprofit with a volunteer board and paid leaders brings about its own challenges. If the leaders are collaborating and the organization is operating well there are other difficult challenges that organizations must overcome in order to become high-performing. The following section describes these challenges in greater detail.

**Difficult Challenges Faced by Nonprofit Leaders**

The important role nonprofit organizations play in American culture and the growing reliance on these charities to provide vital human service programs have simultaneously strengthened the sector in developing its own identity while also placing increased demands on the sector to be more accountable, fiscally sound, and adaptable to changing economic and political climates (Salamon, 2002). In order to meet these demands, the research cited in the following sections suggests that nonprofit leaders have learned to be more fiscally sound; develop their leadership; report accurate revenues, expenditures, and program outcomes; acquire and maintain sufficient financial resources; build confidence within the community; and manage growth. Although many nonprofits are able to meet these demands, merely meeting them is not enough to be considered a high-performing organization; rather, it is by the drive to continually improve, raise the bar, and achieve greater results that an organization is recognized as high-performing.
(Collins, 2005; Crutchfield & Grant, 2007; Knauf et al., 1991; Light, 2002). Paul Light (2002) described the journey to high performance as an organization that “keeps the pressure on no matter where it happens to be in the journey. It updates its strategic plan regularly, invests in staff training, continues to evaluate and measure its performance, modernizes its systems, and continues to exploit opportunities” (p. 131).

The following sections describe difficult challenges faced by nonprofit leaders as characterized by the literature to include fiscal stability, succession planning, accountability, fundraising, image in the community, and growth.

**Fiscal stability**

One of the most important functions of nonprofit leaders is their ability to create and implement sound fiscal policies. The financial health of a nonprofit organization is dependent upon the board members to develop well-crafted policies and procedures and the executive leadership to follow those policies while carrying out the procedures accordingly. Failure of either the board or the executive leaders to maintain their role and responsibility could be disastrous because every aspect of the organization is tied to financial resources. Without financial resources, an organization cannot implement programs or hire staff and therefore cannot carry out its mission. In addition, financial management is associated with almost every other challenge leaders’ face including accountability, fundraising, image in the community, and growth.

Fiscal stability is also important because it is generally the first place people look to determine the viability of the organization and whether or not the leaders are good stewards of money and other resources. Donors, funders, and consumers are interested in
the financial health of an organization and do not have to look very far to find out how well the leaders manage their financial resources. Because most nonprofits are required to file tax returns, information filed on Form 990 becomes public record and can be viewed online through a variety of different sources, e.g., The Foundation Center, GuideStar, and numerous watchdog groups (Lowell et al. 2005; Urban Institute and Indiana University, 2004).

The financial management of nonprofit organizations is a significant concern for the IRS, Congress, stakeholders, consumers, and other organizations (Ostrower, 2007; Panel on the Nonprofit Sector, 2007; Perry, 2008; Toppe & Kirsch, 2002; Urban Institute and Indiana University, 2004). As such, organizations such as the Panel on the Nonprofit Sector, Nonprofit Centers, and training companies all dedicate numerous resources and programs to help nonprofits learn about the importance of sound fiscal policies and how to implement them. As a result of the concerns over fiscal regulation in the nonprofit sector, in 2007 the Senate Finance Committee requested the Independent Sector convene a coalition of nonprofits and foundations called the Panel on the Nonprofit Sector (Ostrower, 2007; Panel on the Nonprofit Sector, 2007). In October 2007, the Panel presented their final draft of guidelines for nonprofit leaders called *Principles for Good Governance and Ethical Practice: A Guide for Charities and Foundations*. According to the Panel on the Nonprofit Sector, this guide was created to “strengthen governance, transparency, and ethical standards within the charitable community” (Panel on the Nonprofit Sector, 2007, p. 1).

In short, an organization’s fiscal stability is important to its image in the community and its ability to carry out its mission. Leaders who are responsible for
creating sound fiscal policies and implementing such policies can tarnish an
organization’s image if they fail to do either of these properly. Additionally, leaders are
responsible for garnering the financial resources to meet the operating costs of the
organization. If they are unable to garner the appropriate resources to ensure the
financial stability of the organization, then the nonprofit will not be able to fulfill its
mission.

Equally important to an organization’s fiscal stability is an organization’s
accountability. And similar to fiscal stability, nonprofit leaders are responsible for
creating sound policies to ensure accurate information is reported regarding the
organization’s governance. The next section describes the importance and challenges of
nonprofit accountability.

**Accountability**

Nonprofit leaders are responsible for designing and implementing policies that
clearly outline practices for good governance. They are also obligated to make full and
accurate information publicly available about their mission, activities, finances, and
governance policies (IRS, 2008b). In times of growing public scrutiny and concerns over
more regulations, nonprofit leaders should examine their current policies and revise any
outdated processes (Center on Nonprofits and Philanthropy et al., 2004). Some believe
that good governance and ethical practices require an ongoing commitment from not only
board members and executive staff members but also the entire nonprofit community
(Crutchfield & Grant, 2007; Morrison & Salipante, 2007; Panel on the Nonprofit Sector,
2007).
Reporting accurate financial information is a widespread concern among nonprofit organizations (Urban Institute and Indiana University, 2004). The Generally Accepted Accounting Principles (GAAP) and the IRS guide nonprofit organizations’ financial practices (Urban Institute and Indiana University, 2004). When reporting financials, both the GAAP and the IRS require nonprofits “to divide their total expenditures into three categories: program, management and general, and fundraising” (Urban Institute and Indiana University, 2004, p. 2). This information is reported on tax form 990 and is available to the public, which, as was stated earlier, can be used by stakeholders and watchdog groups to calculate ratios for program and fundraising costs. Because of this, it is believed that nonprofits do not accurately report their management and fundraising costs. This belief is supported by research conducted at the Urban Institute and Indiana University’s project known as the 2004 Nonprofit Overhead Cost Project. This research project found that nonprofits are reporting zero fundraising costs even though these organizations receive large amounts of money from contributions each year. Their findings include:

- “Thirty-seven percent of nonprofits with at least $50,000 in contributions report zero fundraising costs.”
- “One fourth of nonprofits reporting $1 to $5 million in contributions report zero fundraising costs.”
- “Thirteen percent of nonprofits report zero management and general expenses.”
- “Seven percent charged all accounting fees to program and another 20% split them across more than one category despite the fact that Form 990 instructions give accounting fees as an example of what is meant by management and general expenses.” (Urban Institute and Indiana University, 2004, p. 3)

Accountability is often aligned with assessing an organization’s effectiveness. Some believe that calculating the amount of money an organization spends on its
programs and comparing that to how much an organization spends on administrative and fundraising costs can be used to assess the effectiveness of an organization. If the money spent on programming is more than what is spent on administrative and fundraising costs, then the organization is considered to be effective. However, some researchers feel this method of determining an organization’s effectiveness is limited in its ability to adequately measure the effectiveness of an organization (Bowman, 2006; Center on Nonprofits and Philanthropy et al., 2004a, 2004b; Crutchfield & Grant, 2007; Lowell et al., 2005; Snibbe, 2006)

Public scrutiny over the mismanagement of funds and fraud has put the spotlight on philanthropy and the focus on accountability and transparency in the nonprofit sector. September 11th relief funds, theft by a United Way CEO, and most recently a lawsuit between Princeton University and the children of a donor have created a propensity for higher standards for performance accountability and fiscal accountability. In response to this, organizations such as the Association of Fundraising Professionals (AFP) that have built their reputation on requiring their members to maintain the highest ethical standards created a donor rights policy for their members and all fundraisers to abide by. The Donor Bill of Rights is presented in Table 2.
Table 2

*A Donor Bill of Rights*

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<tr>
<td>I.</td>
<td>To be informed of the organization’s mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.</td>
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<td>II.</td>
<td>To be informed of the identity of those serving on the organization’s governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.</td>
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<td>III.</td>
<td>To have access to the organization’s most recent financial statements.</td>
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<td>IV.</td>
<td>To be assured their gifts will be used for the purposes for which they were given.</td>
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<td>V.</td>
<td>To receive appropriate acknowledgement and recognition.</td>
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<td>VI.</td>
<td>To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.</td>
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<td>VII.</td>
<td>To expect that all relationships with individuals representing organization’s of interest to the donor will be professional in nature.</td>
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<td>VIII.</td>
<td>To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.</td>
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<tr>
<td>IX.</td>
<td>To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.</td>
</tr>
<tr>
<td>X.</td>
<td>To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.</td>
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Association of Fundraising Professionals  
Association for Healthcare Philanthropy  
Council for Advancement and Support of Education  
Giving Institute: Leading Consultants for Nonprofits

Maintaining ethical practices is a high priority for AFP and other member associations and community organizations such as the Council for Resource Development, National Catholic Development Conference, National Committee on Planned Giving, Independent Sector and United Way of America, all of whom have endorsed the Donor Bill of Rights.

In addition to member associations and community organizations, there are others who are interested in nonprofit accountability. These groups exist with the best intentions, to educate donors about the financial resources available to the organization and protect them from misconduct. Unfortunately, the methods used by these groups for
assessing accountability are sometimes misguided and the organizations end up making claims about effectiveness based on financial information. These groups are often referred to as “watchdog” groups. The three most widely used online watchdog groups are Charity Navigator (http://www.charitynavigator.org), BBB Wise Giving Alliance (http://www.bbb.org/charity), and the American Institute of Philanthropy (http://www.charitywatch.org/). By their existence and ability to reach the masses, these groups have placed increased demands on the nonprofit sector because they make their case and frame accountability in terms everyone can understand, through numbers.

However, as previously stated, creating a ratio using costs for administration and fundraising and direct program services does not accurately define the effectiveness of the organization (Bowman, 2006; Center on Nonprofits and Philanthropy et al., 2004a, 2004b; Crutchfield & Grant, 2007; Lowell et al., 2005; Snibbe, 2006). Factors that are important to identifying effective organizations include resource development, organizational processes, achieving organizational goals, staff satisfaction, established policies and procedures, and financial viability (Colby et al., 2004; Nbbie & Brudney, 2003). Other scholars have also identified board engagement, board development, and board effectiveness as factors that contribute to the effectiveness of an organization (Herman & Renz, 1998).

Leaders in the nonprofit sector undoubtedly feel the pressure to be more accountable for their performance in a wide variety of areas such as hiring and fiscal practices, marketing, communications, and fundraising. As organizations are being held more accountable, leaders will need to hire staff with the appropriate skills. Gone are the days of saving resources by hiring part-time and less-qualified staff. More money will
have to be allocated for full-time, specialized staff who can manage the new demands that come along with more accountability. For example, as the reporting requirements for contracts and grants become more stringent, organizations will need to hire a financial officer to handle these duties instead of a part-time bookkeeper (Urban Institute and Indiana University, 2004). In addition, staff will have to be viewed in a different way as full-time professionals who have the appropriate talents and skills to lead and oversee departments such as human resources, program management, operations, and resource development (Urban Institute and Indiana University, 2004).

As with fiscal stability and accountability, nonprofit leaders are also responsible for ensuring ample resources are available to carry out the mission of the organization. These resources include financial support, in-kind donations, and volunteer labor. Scholarly research has identified fundraising as a characteristic of high-performing organizations. The section below describes the challenges surrounding fundraising.

**Resource Development**

One of the most pressing issues facing nonprofits is raising money (Crutchfield & Grant, 2007; Kaufl et al., 1991). Acquiring financial support is an ongoing struggle as organizations face cutbacks from government funding streams, turbulent economic times, and increased demands on the sector (Salamon, 2002). As stated earlier, financial resources are necessary for an organization to carry out its mission because money supports the programs and services provided by the nonprofit. High-performing organizations are different from other nonprofits because of their ability to continually attract and sustain sufficient financial resources that maintain their impact despite
opposing forces (Collins, 2005; Crutchfield & Grant, 2007; Knauf et al., 1991). Thus, a
crucial factor in determining a nonprofit’s success is its ability to attract resources, a
responsibility incumbent upon the organization’s leadership (Knauf et al., 1991).

Collins (2005), Crutchfield and Grant (2007), and Knauf et al. (1991) reported a
common finding among high-performing organizations; financial resources were tied to
diverse streams of revenue as opposed a single source of funding. These scholars
discovered that in order to lessen the risk of relying on one resource for funding, high-
performing organizations developed a broad base of support through multiple sources
such as government grants and contracts and contributions from individuals, businesses,
and local foundations. Furthermore, Crutchfield and Grant (2007) and Knauf et al.
(1991) found that the nonprofit organizations that were the most successful in raising
funds from multiple sources involved others in the fundraising process. Crutchfield and
Grant’s (2007) study had an additional important finding. Nonprofits that pursued
funding from various sources did so not only “because they are good sources of revenue,
but because they can help solve the problems these nonprofits are trying to address”
(Crutchfield & Grant, 2007, p. 192).

Traditionally, fundraising has been viewed as a primary function of the chief
executive (Knauf et al., 1991); but as organizations have relied more on diverse funding
streams, they have also learned to share the responsibility with others (Collins, 2005;
Crutchfield & Grant, 2007; Knauf et al.). In their studies, both Crutchfield and Grant
(2007) and Knauf et al. (1991) found that board involvement in fundraising varied
among the high-performing organizations (Crutchfield & Grant, 2007; Knauf et al.,
1991). In some cases, all of the fundraising responsibilities fell upon the chief executive
whereas in other cases the board members were actively involved in the process. That said, the researchers agreed that relying on one individual for fundraising activities was a risky strategy because success was tied to that one person and their relationships (Collins, 2005; Crutchfield & Grant, 2007). A better strategy, according to Knauft et al. (1991), is to institutionalize the fundraising capacity throughout the organization, thereby making it a collective effort. It is through sharing leadership and inspiring evangelists that nonprofit leaders are able to increase their financial resources (Crutchfield & Grant, 2007).

A final and important point about the challenge of fundraising, as noted by Crutchfield and Grant (2007), is finding support to build infrastructure. Individual donors prefer to support programs not invest in overhead, so the challenge becomes raising money to build capacity (Crutchfield & Grant, 2007). Crutchfield and Grant (2007) discovered that high-impact nonprofits were “both persistent and creative about funding necessary things like buildings, computers, and additional staff” and most of these organizations conducted “growth campaigns” to raise the money needed for overhead costs (p. 200). Even though every organization identified in Crutchfield and Grant’s (2007) study was recognized as being a high-impact nonprofit, because these organizations increased their infrastructure, in some cases their investment had a negative impact on their GuideStar rating for success. GuideStar measures a nonprofit organization’s success by calculating how much money is spent on programs and services versus how much money is spent on administration and fundraising (Crutchfield & Grant, 2007). Therefore, using this measure of success, nine of the high-impact nonprofits identified in Crutchfield and Grant’s (2007) study received a GuideStar rating of three
stars or less; a four-star is the highest rating available by GuideStar, which indicates the most effective organizations (Crutchfield & Grant, 2007).

In summary, while fundraising is widely recognized as a mechanism for supporting growth and everyday operations, some nonprofit organizations are still reluctant to engage in raising funds. Some nonprofits may fear fundraising because of the increased overhead costs, which, as noted above, may negatively impact the public’s perceptions about the organizations effectiveness. However, organizations that become paralyzed by fear and refuse to allocate funds for fundraising thereby spending “too little on infrastructure have more limited effectiveness that those that spend more reasonably” (Center on Nonprofits and Philanthropy et al., 2004a, p. 3). Considering the recent estimates on charitable giving in the United States (see Table 3), nonprofits that are not fundraising may be missing out on additional support. According to the 2006 statistics, individuals give far more than the other groups combined. Foundations give more money than bequests and corporations but are still only contributing approximately 12% of the total amount of giving.

Table 3

*Charitable Giving in the United States, 2006*

<table>
<thead>
<tr>
<th>Who is Giving</th>
<th>Estimated Total Amount</th>
<th>Percent of Total Giving</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals</td>
<td>$222.89 billion</td>
<td>75.6%</td>
</tr>
<tr>
<td>Foundations</td>
<td>$34.40 billion</td>
<td>12.4%</td>
</tr>
<tr>
<td>Bequests</td>
<td>$22.91 billion</td>
<td>7.7%</td>
</tr>
<tr>
<td>Corporations</td>
<td>$12.72 billion</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

As described above, nonprofit leaders must overcome numerous challenges associated with the financial viability of the organization. That said, their ability to remain a viable force in their community is not solely reliant upon their economic foundation. It is also important to establish and maintain strong trust in the community. Nonprofit leaders create community trust through their relationships and leaders’ reputation, the organization’s image in the community, and their ability to manage growth. Because a leader’s reputation and relationships build community trust, it is important to communicate a leader’s plan to exit from an organization. Leaders also build trust by creating a positive image of their organization and meeting the demands of the community by managing growth. The following sections describe the challenges surrounding transitions in leadership, an organization’s image in the community, and growth management.

**Succession Planning**

As the face of their organization, nonprofit leaders must plan for their succession just as they plan for the long-term outcomes of their agency. A leader’s reputation, charisma, and passion are what build relationships, both within the organization and outside the organization. Therefore preparing others for the transition in their position helps to ease the transition of turnover by preparing the board, staff, and external community for change. By preparing for change, organizations are able to provide stable and continuous services. It is also important to prepare the community for the change in leadership to preserve trust and public image.
Research suggests turnover rates in the nonprofit sector are high due to burnout, retirement rates, general attrition, and low-wages (Bell, Moyers, & Wolfred, 2006; Crutchfield & Grant, 2007; Tierney, 2006). Crutchfield and Grant (2007) found that only about half of the high-impact nonprofit organizations in their study had leaders with long tenure. The other half of the organizations had experienced turnover in leadership at least once and sometimes more than once. In an earlier study conducted in 2006, 75% of the nonprofit leaders reported they planned to leave their position in the next 5 years and 9% of them reported they were already in the process of leaving their leadership position (Bell et al., 2006). Regardless whether or not nonprofit leaders have a long tenure in their current position, succession planning can be a difficult challenge for organizations as they strive to remain viable in the community (Crutchfield & Grant, 2007, Tierney, 2006).

One of the biggest concerns over succession planning is the lack of nonprofit leaders caused by the anticipated high retirement rates attributed to the baby boomer generation. In 2006, the baby boomer generation was between the ages of 42 and 60 years old and represented approximately 33% of the population in the United States (United States Census Bureau, 2006). Simply put, the baby boomer generation, between 1980 and 2000, created a workforce of 35 million people who were between the ages 34 to 54 years old, ages we expect of people in executive leadership positions (Tierney, 2006). Some estimate the shortfall in leadership for the next generation will be approximately 32 million people (Tierney, 2006).

Who will assume the vacancies created by the mass exit of nonprofit leaders is also a concern. A survey of young nonprofit professionals conducted by Young
Nonprofit Professionals Network revealed that 45% of the respondents plan to leave the sector (Solomon & Sandahl, 2007). The two most often cited reasons for leaving the sector were burnout (90%) and low wages (82%). In another survey, Ready to Lead (2008), written by Marla Cornelius, Patrick Corvington, and Albert Ruesga and produced in partnership with CompassPoint, The Annie E. Casey Foundation, The Meyer Foundation, and Idealist.org, the researchers reported that despite the promise of a pipeline of emerging nonprofit leaders, there were substantial barriers to their success. The survey’s findings revealed that non-executive nonprofit staff members were concerned about low wages, long hours, a lack of mentorship from existing executives, obstacles to leadership positions, and unappealing job descriptions for the chief executive position (Cornelius et al., 2008).

It is not all gloom and doom, however. Researchers such as Janet L. Johnson (2007) disagreed with the supply and demand theory concerning the possible critical leadership deficit in nonprofit organizations. Johnson (2007) argued that several alternatives were possible to mitigate the shock of the baby boomer retirements. She cited market forces, organizational adjustments, an increased labor force as a result of more participation from older workers, improved skills and abilities by younger workers, and venture philanthropy as countervailing forces. Johnson (2007) examined population and labor market trends to further investigate the self-reported survey data that has been used by those reporting an impending leadership shortage. Using census data and reviewing trends in the nonprofit sector’s labor market, Johnson (2007) concluded nonprofit organizations will be able to adjust to the gradual labor changes caused by retirement through market mechanisms that will balance out wages and employment.
In short, while the availability and quality of future nonprofit leaders is unknown, the need for succession planning is clear. Nonprofit leaders must address succession planning by delegating responsibilities and grooming future leaders so that their organizations can continue its operations and be successful beyond the tenure of the chief executive (Crutchfield & Grant, 2007; Tierney, 2006).

**Image in the Community**

Leaders of nonprofits have a critical role in strengthening and shaping the public’s image of the organization (Bowman, 2004; Perry, 2008; Toppe & Kirsch, 2002; Urban Institute and Indiana University, 2004). Through strong governing skills, accountability and fiscal management, monitoring and evaluation of board and staff performance, strategic planning, and responding to inquiries from the media, nonprofit leaders have the ability to shape the public’s image of nonprofits (Bowman, 2004; Morrison & Salipante, 2007; Perry, 2008). As nonprofits increase their visibility in the community, they also become more vulnerable to public scrutiny. Scandals, questionable compensation for top administrators, and mismanagement have all contributed to the negative attention towards nonprofit organizations.

In recent years public scrutiny has caused a decline in the level of confidence people have in charities. Prior to the terrorist attacks on September 11, 2001, the public viewed charitable organizations favorably, with pollsters reporting a 90% level of confidence (Perry, 2008). However, bad press surrounding relief funds for victims of the attacks, criticisms of charities’ response to Hurricane Katrina in 2005, and Congressional hearings on fundraising practices of some veterans’ charities have caused a sharp decline
in public confidence (Perry, 2008). To combat the lack of public confidence in charitable organizations, nonprofit leaders should approach the issue head on by promoting the sector through public service announcements with messages about how the sector helps people (NYU Wagner, 2008).

**Growth**

Nonprofit leaders must address growth as economic demand and heavy reliance on the sector increases. Through the strategic planning process, board members and executive leaders are responsible for managing growth, whether that means growth is expanding programs and services or in some cases eliminating services or programs. At times, growth might also involve mission adaptability. In many of the case studies identified by Crutchfield and Grant (2007) and Knauft et al. (1991), nonprofit leaders managed growth by adapting their programs or services to meet the changing needs of the community.

Nonprofit growth develops for several different reasons. Crutchfield and Grant (2007) described one of these causes of growth as the phenomenon of adaptation through external forces that drive innovation. Their research observations led them to conclude that the “most common impetus for adaptation” was “staying close to the customer” by listening to their constituents and stakeholders (p. 33). Two organizations that exemplify their findings were Share our Strength and America’s Second Harvest. Share our Strength launched a new fundraising event series called the Taste of the Nation so they could involve chefs who were more interested in donating their time than donating money. In another example of Crutchfield and Grant’s (2007) findings, America’s
Second Harvest adapted its food banks in response to changes in the food industry. As society became more nutritionally conscientious, grocery stores changed their shelves and store designs to hold fresh produce and deli services instead of prepackaged food and canned goods. America’s Second Harvest responded to this change by modifying their food banks to accommodate fresh foods.

Knauft et al. (1991) described growth management in the case of the Atlanta Historical Society (AHS) as an example of successful mission adaptation. The AHS began as a gathering place for Atlanta’s elite. The Society held Civil War reenactments and was described as the “quintessential old boys” club (Knauft et al., p. 33). In 1965 the society received a $7 million endowment from its founder, Walter McElreath, which was used to purchase historic properties around Atlanta. Eventually the AHS became so big that the board began to wonder if the organization would remain an elite society. After many years and many more purchases, the board members decided the organization needed more professional staff to manage the ever-growing organization. But it wasn’t until 1983 that the board hired the right director who was able to broaden the board’s vision and launch a new direction. The AHS was transformed into a community organization with a new mission, resource development plan, and open membership policy.

Despite the challenges nonprofit leaders face, some organizations are able to rise above and perform at a high level. High-performing organizations have common characteristics that have been identified by scholarly research. These characteristics are important models for organizational leaders aspiring to help their organizations overcome challenges and perform on a high level. Scholarly research on the nonprofit sector also
aides others interested in investigating the sector because it provides a foundation for future studies such as this one. That said, the following section describes the research that was used for the conceptual framework that guided this study.

**Conceptual Framework**

The conceptual framework for this study included four works published between 1991 and 2007. The earliest study, *Profiles of Excellence: Achieving Success in the Nonprofit Sector*, by E. B. Knauft, Renee A. Berger, and Sandra T. Gray (1991), was among the first to identify differences in characteristics of success between the business sector and what they termed “voluntary operations” (nonprofits). The second and third works were by Jim Collins, *Good to Great* (2001) and *Good to Great and the Social Sectors: A Monograph to Accompany Good to Great* (2005). Collins’s work provided a useful framework for understanding what enables organizations to move from being mediocre to great. The last and most recent study that guided this research was conducted by Leslie R. Crutchfield and Heather McLeod Grant (2007), *Forces for Good: The Six Practices of High-impact Nonprofits*. Crutchfield and Grant’s study emphasized the importance of looking beyond traditional business models to measure a nonprofit’s effectiveness and instead focus on the nonprofit’s role in creating social change and ability to make a profound impact. These four sources provided a framework for identifying characteristics for high-performing organizations. As shown in Table 4, the characteristics focus on the areas of leadership, mission, adaptation, resource development, and mobilizing resources.
Table 4

Characteristics of High-Performing Organizations

<table>
<thead>
<tr>
<th>Common characteristics</th>
<th>As defined by the literature</th>
<th>Source</th>
</tr>
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<tbody>
<tr>
<td>Mutually trust between board members and executive leaders</td>
<td>Knauft et al., 1991, p. 20</td>
<td></td>
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<tr>
<td>Two-way communication between board and executives</td>
<td>Knauft et al., 1991, p. 21</td>
<td></td>
</tr>
<tr>
<td>Clearly defined roles and lines of responsibility for board members and executive staff</td>
<td>Knauft et al., 1991, p. 20</td>
<td></td>
</tr>
<tr>
<td>“Personal humility and professional will”</td>
<td>Collins 2001, p. 38; 2005, p. 11</td>
<td></td>
</tr>
<tr>
<td>“Organizational Self” leaders that “measure success in the achievements of their organization”</td>
<td>Knauft et al., 1991, p. 12</td>
<td></td>
</tr>
<tr>
<td>Identify the right people for the right position and removing those who are not the right fit for the organization or position</td>
<td>Collins 2001, p. 41; 2005, p. 13</td>
<td></td>
</tr>
<tr>
<td>Maneuver through a “diffuse power structure”</td>
<td>Collins, 2005, p. 10</td>
<td></td>
</tr>
<tr>
<td>Level 5 leader</td>
<td>Collins, 2001, p. 22; 2005, p. 9</td>
<td></td>
</tr>
<tr>
<td>Strong leadership that permeates throughout the organization</td>
<td>Crutchfield &amp; Grant, 2007, p. 156; Knauft et al., 1991, p. 13</td>
<td></td>
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<tr>
<td>Engaged boards, “true working partners”</td>
<td>Knauft et al., 1991, p. 24</td>
<td></td>
</tr>
<tr>
<td>“Large boards compared to corporate boards…. Highly engaged”</td>
<td>Crutchfield &amp; Grant, 2007, p. 174</td>
<td></td>
</tr>
<tr>
<td>No one leadership type</td>
<td>Crutchfield &amp; Grant, 2007, p. 158</td>
<td></td>
</tr>
<tr>
<td>Leaders with a long-tenure</td>
<td>Crutchfield &amp; Grant, 2007, p. 167</td>
<td></td>
</tr>
<tr>
<td>“Lead through influence, not authority, and must convince others to act by force of their convictions alone”</td>
<td>Crutchfield &amp; Grant, 2007, p. 158</td>
<td></td>
</tr>
<tr>
<td>“Lead through influence, not authority”</td>
<td>Collins, 2001, p. 27; 2005, p. 15</td>
<td></td>
</tr>
<tr>
<td>Clearly defined mission with goals to carryout that mission</td>
<td>Knauft et al., 1991, p. 7</td>
<td></td>
</tr>
<tr>
<td>Identify passion, determine abilities and limitations, and identify resources to support the organization</td>
<td>Collins, 2001, p. 95; 2005, p. 19</td>
<td></td>
</tr>
<tr>
<td>Advocacy and direct services</td>
<td>Crutchfield &amp; Grant, 2007, p. 32</td>
<td></td>
</tr>
<tr>
<td>Adapt to change by expanding or limiting mission and services</td>
<td>Knauft et al., 1991, p. 6</td>
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The first common characteristic identified by the literature for high-performing NPOs was strong leadership. The emphasis on the importance of leadership in the literature was explained in many different ways. For instance, Knauft et al. (1991) viewed leadership as two distinct bodies, the board and the executive, working in collaboration to achieve the goals of the organization. These scholars believed each division of the leadership should have clearly defined roles and lines of responsibility but should work with mutual trust and respect for one another while maintaining two-way communication. They described the executive leader as being mission-driven, energetic, motivational, self-effacing while emphasizing the organization’s accomplishments, a two-way communicator, a social antennae, and a creative thinker. They also believed board members should be involved and committed volunteers who view their role as extending beyond their legal and oversight responsibilities. Knauft et al. (1991) also emphasized the role of the board in fundraising as an important service to the organization.

Collins’s (2001, 2005) work focused on defining what he called the *level 5 leader* and her or his role in the organization. Level 5 leaders, according to Collins (2005) are
not “soft” or “nice” or purely “inclusive” or “consensus-building.” “The whole point of Level 5 is to make sure the right decisions happen – no matter how difficult or painful – for the long-term greatness of the institution and the achievement of its mission, independent of consensus or popularity” (p. 11). Additionally, Collins (2005) believed there is a clear distinction between level 5 leaders in the social sector and in the for-profit sector. Social sector leaders work in complex governance and diffuse power structure, which requires a different leadership style than business leaders who have concentrated decision power (Collins, 2005, p. 10). Furthermore, Collins (2005) predicted that as business leaders begin to face new restrictions from the Sarbanes-Oxley Act of 2002, shareholders, and activists, they would not need to have the same level of executive decision-making power over employees (p. 13). Instead, Collins (2005) suggested, level 5 leaders in the business sector will need a new model of leadership, perhaps the model used by the social sector (p. 13).

In Crutchfield and Grant’s (2007) study of 12 high-impact nonprofits, they found several common leadership characteristics among the organizations. Strong leadership, they said, does not only exist at the top of the organization, rather it permeates throughout the entire agency. They also discussed how leaders of high-impact organizations distribute their leadership throughout the organization and their larger network of allies and affiliates. Additionally, Crutchfield and Grant (2007) believed, high-impact nonprofits have large and engaged boards, strong executive staff, and a recognizable second-in-command. One of their most significant findings described the importance of a collaborative leadership model. Crutchfield and Grant (2007) explained the collaborative model of leadership by emphasizing the vision of the executive director
who must give “power away and empowering others…[to] develop networks and movements large enough to catalyze widespread social change” (p. 158).

The second common characteristic for high-impact NPOs found in the literature was mission and service to the community. Scholars defined these concepts differently. Knauff et al. (1991) believed leaders must have a “clear sense of mission accompanied by goals to carryout that mission” (p. 3). Collins (2001, 2005) described this characteristic through what he called the hedgehog concept. Collins created the term hedgehog concept because he was reminded of the essay by Isaiah Berlin, “The Hedgehog and the Fox,” which was based upon an ancient Greek parable. In the story, the fox, known for its cunning and crafty ability, makes daily attempts to attack the hedgehog. Every day the fox attempts a new strategy to get its prey but is always foiled in the end by the hedgehog’s one main defense strategy to roll up in a ball, revealing its sharp spikes pointed in all directions. In Collins’s view, hedgehogs in the corporate arena share the same simple strategy; they understand what they can and cannot be the best at, identify what they are deeply passionate about, and know how to effectively generate and sustain resources. Collins (2005) concluded that nonprofit organizations should identify three areas: “what…[the] organization stands for (its core values) and why it exists (its mission or core purpose)…what…[the] organization can uniquely contribute to the people it touches, better than any other organization…[and] what best drives…[the] resource engine broken into three parts: time, money, and brand” (p. 19). Crutchfield and Grant (2007) framed mission and service in terms of advocacy and providing services. To sum up their definition of advocate and serve, the researchers stated “providing services helps meet immediate needs, such as feeding the hungry or housing the poor; advocacy helps
reform larger systems by changing public behavior or creating governmental solutions” (p. 32).

To address the third characteristic, adaptation, Knauft et al. (1991) explained the need for organizations to adapt in two ways, by having a dynamic board and through primacy of mission. Their research on the nonprofit sector revealed excellent organizations must have the capacity to change as the need in the community changes. This ability to adapt and change, Knauft et al. (1991) argued, applies to the board members as well. The researchers suggested boards need to include more diversity and seek out members with special skills, especially in the area of fundraising. In regard to the primacy of mission, Knauft et al. (1991) believed leaders must make difficult decisions when considering how to sustain the original mission or revise it by changing the mission to meet the needs of a changing society.

Jim Collins (2001, 2005) couched the concept of adapting to new ideas in his notion of technology accelerators. Collins believed companies that were able to move from good to great viewed technology differently than mediocre companies. What Collins determined was that companies who used technology as an accelerator of momentum instead of a creator of it benefited more than those who jumped on technology fads.

Crutchfield and Grant’s (2007) research explained this characteristic as the organization’s ability to master the art of adaptation. They found that leaders in high-impact organizations were highly adaptive and were not afraid to change their approach if they found gaps between their intended impact and their actual outcomes. According to Crutchfield and Grant (2007), this ability to adapt and change program strategies in mid-
stream is an unusual quality in the social sector and therefore becomes unique to those organizations determined to be high-impact.

The last common characteristic of high-performing organizations focused on organizations that mobilize resources. Knauft et al. (1991) identified one of the hallmarks of excellent organizations as strong development programs. They identified four areas that excellent organizations use for mobilizing resources. First, they believed, board members and chief executives should share with each other the responsibility of attracting and sustaining funding. Second, the organization needed a community with a philanthropic culture in order to successfully conduct fundraising. Next, Knauft et al. (1991) argued excellent organizations raised money through multiple sources of funders. Last, the researchers noted that excellent nonprofit organizations are candid with funders and report accurate program outcomes.

Flywheel, not doom loop, is the concept Collins (2001, 2005) used to describe how great organizations mobilize resources. Collins (2005) described the organization’s ability to garner resources as “turning a giant, heavy flywheel…with great effort – days, weeks and months of work, with almost imperceptible progress – you get the flywheel to inch forward” (p. 23). The persistence on behalf of the organization to move the flywheel forward is rewarded by the eventual momentum that occurs, what Collins described as an unstoppable force that flies forward. Collins’s flywheel concept incorporates the hedgehog concept, which he explained as the intersection of three critical concepts: passion, ability to be best, and generating financial support. The flywheel in combination with the hedgehog concept builds results that in turn attract resources and commitment to build a stronger organization. When viewed as a cyclical
event that gradually picks up speed, the concept can be imagined as a flywheel building momentum.

For Crutchfield and Grant (2007), the idea of mobilizing resources was evident in three of their six practices for high-impact organizations. First, in their description of the practice labeled *make markets work*, the researchers argued that nonprofits should harness market forces and partner with businesses which would allow them to access more resources, e.g., donations and volunteers, for their cause. In their next practice, Crutchfield and Grant (2007) described how to inspire evangelists by connecting, inspiring, and transforming people for a cause. The last practice to address the mobilization of resources was the concept of nurturing nonprofit networks. This practice explained how nonprofits could have a greater impact by working with and through other organizations as opposed to an organization acting alone.

In summary, the four sources used to develop the conceptual framework shared common characteristics for high-performing nonprofit organizations. The scholars employed different research designs, which often resulted in mixed methodologies to gather both qualitative and quantitative data to reach their findings. The methodologies used by these scholars provided a guide for this study which was designed in a similar manner using a mixed methodology, identifying organizations that have achieved a high level of performance, and summarizing findings to identify specific leadership characteristics.
Methodology of Conceptual Framework Studies

The methodologies of the four works identified in the conceptual framework are described in order of publication, from earliest to the most recent. While each work provided a basis for investigating the nonprofit sector and its leadership, this study used a combination of the methodologies to develop and implement a research design to investigate the nonprofit sector in northeast Florida and leaders from a sample of high-performing organizations. The following sections describe the methodologies of the four works that guided this study.

Profiles of Excellence

Knauft et al.’s (1991) work, Profiles of Excellence: Achieving Success in the Nonprofit Sector, was a four-year study to identify characteristics of successful charitable organizations. The research was conducted in four parts: an examination of more than 200 existing studies and sources that focused on organizational effectiveness, a one-day focus group of 20 nonprofit leaders and consultants, a national survey of more than 900 chief executives and board chairs, and the development of profiles for 10 nonprofit organizations that were viewed as effective by community leaders with elite perspectives. The researchers also used five additional studies that focused on nonprofit effectiveness and at times incorporated their findings to bolster support for the Profiles of Excellence study.

Knauft et al. (1991) identified four hallmarks of excellence shared by effective nonprofit organizations. The four hallmarks included “a clear mission, strong leaders, a committed board, and stable revenues” (Knauft et al., 1991, p. 2). While all of the
organizations included in the Knauft et al. (1991) study shared these four hallmarks of excellence, the researchers cautioned that not all of the organizations were operating well in all of these areas. For example, at the time of the study some organizations were reassessing their missions, others were working on strengthening their boards, and some executive leaders were not collaborating as effectively as they could. The researchers remarked, “Ideally, an effective organization has all its key components operating well. In reality, one or two elements may not be functioning quite as smoothly as the others” (Knauft et al., 1991, p. 2).

The 10 organizations identified by Knauft et al. (1991) as excellent nonprofits were Atlanta Historical Society, Baxter Community Center, East Bay Asian Local Development Corporation, Guadalupe Center, Indian Health Board, Interlachen Center for the Arts, Northside Center for Child Development, San Francisco Education Fund, Seattle Emergency Housing, Inc., and Upward Fund After School. The researchers noted the organizations included in their study provided services to a local area as opposed to organizations that provide services on a national level. The study included only charitable organizations but did not include religious organizations, institutions of higher education, or hospitals.

**Good to Great**

Jim Collins’s (2001) work *Good to Great* was based on research using a matched-pair research methodology. The first step in Collins’s research was to determine criteria for selecting companies deemed to be making the transition from good to great. Collins first defined good companies as those that performed for 15 years with a stock return no
better than 1.25 times the general stock market. Then Collins identified companies that began performing at exceedingly higher levels based on stock returns. He defined these companies as great if they yielded “a cumulative total stock return of at least 3 times the general market for the period from the point of transition through fifteen years” (p. 219). Collins’s last criterion based on stock performance included “the ratio of the cumulative stock return for the fifteen years after the point of transition divided by the ratio of the cumulative stock return for the fifteen years prior to the point of transition must exceed 3” (p. 219). Additional criteria for selecting good to great companies included companies that:

- Transitioned as a result of their own efforts and not market shifts;
- Were in operations for at least 25 years prior to the transition and had publicly traded stock;
- Transitioned from good to great prior to 1985;
- Were considered to be a significant ongoing, stand-alone company at the time of selection in the study and had appeared in the 1995 Fortune 500 rankings, published in 1996; and,
- At the time of selection showed an upward trend in cumulative stock returns.

The selection process for good to great companies consisted of four layers of analysis. The first layer of analysis involved compiling “a list of companies that appeared on the Fortune rankings of America’s largest public companies” (Collins, 2001, p. 220). This resulted in 1,435 companies being identified. Using data from the University of Chicago Center for Research in Security Prices (CRSP), the second layer of analysis decreased the number of companies from 1,435 to 126 companies. Collins and
his team of researchers screened out companies that did not report “above-average returns in the time spans of 1985 – 1995, 1975 – 1995, and 1965 – 1995” (p. 221). The third layer of analysis decreased the number of good to great companies from 126 to 19. As in the second layer of analysis, Collins and his researchers used the CRSP database to eliminate organizations that did not meet the established criteria. The final layer of analysis eliminated 8 additional companies leaving 11 good to great companies in Collins’s study. To distinguish between companies that transitioned relative to their industry as opposed to those that transitioned because of market fluctuations, the researchers compared companies against a composite industry index thus, reducing the number of companies from 19 to 11. The 11 companies included Abbott, Circuit City, Fannie Mae, Gillette, Kimberly-Clark, Kroger, Nucor, Philip Morris, Pitney Bowes, Walgreens, and Wells Fargo.

The next phase of Collins’s (2001) research involved identifying companies that shared similar characteristics with the 11 good to great companies. The researchers identified 11 companies that shared similar characteristics as the good to great companies and 6 companies that made the transition but were unable to sustain their impact. Collins referred to these companies as direct comparison and unsustained comparison, respectively. In order to compare the good to great companies with the direct comparison companies and the unsustained companies, the researchers collected data by coding company documents, conducting executive interviews, and collecting information through what Collins termed special analysis units. The special analysis units were a combination of quantitative and qualitative data collected from various sources such as “acquisitions and divestitures, industry performance analysis, executive churn analysis,
CEO analysis, executive compensation, role of layoffs, corporate ownership analysis, media hype analysis, technology analysis, and comparative analyses frameworks” (Collins, p. 241 – 247). As a follow up to his work on the business sector, Collins wrote Good to Great and the Social Sectors: A Monograph to Accompany Good to Great (2005). Collins focused this work on the social sector, which he based “on critical feedback, structured interviews, and laboratory work with more than 100 social sector leaders” (p. 3). While he did not explain his methodology in any more detail, Collins did imply that research on the social sector is needed to better understand the differences that exist between good and great nonprofit organizations.

**Forces for Good**

Crutchfield and Grant’s (2007) study occurred in four phases. The researchers decided that their first priority was to determine what characteristics defined high-impact nonprofit organizations. This was viewed as a major challenge because success is not clearly defined in the nonprofit sector (Crutchfield & Grant, 2007). In order to define what characteristics defined high-impact nonprofits, the researchers began Phase 1 of their study by examining tax returns (Form 990s) filed by nonprofit organizations. Crutchfield and Grant (2007) explained their intent was to find patterns in revenue growth among nonprofits. After some time Crutchfield and Grant (2007) changed their focus from financial information toward developing parameters to screen and select organizations. The reasons Crutchfield and Grant (2007) gave for refocusing their attention away from financial information was that “budget data are useful for gauging
things like revenue growth, spending on administration versus programs, and overall financial health [but] are not useful for measuring impact or effectiveness” (p. 226).

The parameters Crutchfield and Grant (2007) used to screen and select high-impact organizations to participate in their study included scale of impact, geographical location, time frame, type of nonprofit, and conflict of interest. The scale of impact required organizations to have achieved an impact on the national or international level (or both). Organizations that were included in the study were also bound by geographical limitations in that they had to have been founded in the United States to ensure comparisons were similar across social, political, and economic contexts. Crutchfield and Grant (2007) also wanted to examine organizations that had made an impact in a relatively short period of time and had sustained that impact for at least 10 years. Therefore, time frame was also used as a parameter for screening and selection. The type of nonprofit was also important to the researchers so they limited their focus to include only “public-serving charitable organizations with 501(c)(3) status” (Crutchfield & Grant, 2007, p. 227). Finally, the researchers decided that coauthor Leslie Crutchfield’s employment with Ashoka during the time of the research might be viewed as a conflict of interest; therefore, Ashoka was not considered for participation in their study. Using these parameters, Crutchfield and Grant (2007) created a two-pronged definition of impact. First they used a quantitative measure of organizational outputs, e.g., the number of people served, products produced, or direct influence on policy. Second, Crutchfield and Grant (2007) used a qualitative measure to determine “organizations that had achieved the most significant impact on a system or provided a model that other groups had adopted” (p. 227).
Phase 2 of their study included selecting a sample of high-impact nonprofits. In order to select organizations to participate in their study, the researchers borrowed a methodology from Jim Collins and Jerry Porras’s work *Built to Last* (1994) and conducted a peer survey of 700 corporate CEOs. The CEOs were asked to nominate the organizations they viewed as the most visionary. Simultaneously with the peer survey, a national survey of nonprofit CEOs was administered by the Center for the Advancement of Social Entrepreneurship (CASE) at Duke University and the Aspen Institute Nonprofit Sector and Philanthropy Program. According to J. Gregory Dees’s paper, published at Duke University’s CASE website, Social Entrepreneurship is a combination “of passion for social mission with an image of business-like discipline, innovation, and determination . . .” (Dees, 2001). Crutchfield and Grant (2007) then used the data from both the peer survey and the national survey of CEOs to select 18 organizations that met their criteria. The researchers then included another step to ensure they had selected organizations with the highest levels of impact. Using a Delphi methodology, Crutchfield and Grant (2007) conducted group interviews with 6 to 10 field experts who were “relatively diverse in terms of political orientation, geographical location, race and ethnicity, and other factors” (p. 231). As a result of the group interviews, Crutchfield and Grant (2007) eliminated some of the organizations identified through the surveys and discovered several new organizations that had not been part of the original selection. Twelve nonprofit organizations were finally selected to participate in their study. These 12 organizations included America’s Second Harvest, The Center on Budget and Policy Priorities, City Year, Environmental Defense, Exploratorium, Habitat for Humanity, The
Heritage Foundation, National Council of La Raza, Self-Help, Share Our Strength, Teach For America, and YouthBuild USA.

Crutchfield and Grant (2007) described Phase 3 of their study as research and analysis. In this phase, the researchers conducted extensive case studies on the 12 organizations identified in Phase 2. Crutchfield and Grant (2007) compiled background information, conducted site visits, and reviewed financial and organizational data. Using the compiled data, the researchers developed detailed case summaries for each of the 12 organizations. Next, they fact-checked all of the data, information, and quotations with the respective nonprofits to ensure accuracy.

The fourth and final Phase of Crutchfield and Grant’s (2007) study was described as “final analysis and synthesis of research findings” (p. 236). In this stage, the researchers searched for patterns and themes across the cases. As patterns were discovered, the researchers compared them to other sources of the data such as interviews with field experts and literature. During this phase the researchers also developed what they termed a significance test. Any practice that was identified had to be found in at least 10 of the 12 organizations in order for it to be determined a pattern. Additionally, the patterns that were identified were then discussed with nonprofit practitioners and field experts to further confirm that the 12 organizations were not merely behaving as average but performing at a level of high-impact.

As stated earlier, the research conducted by these scholars provided a strong foundation for guiding this study. By exploring many aspects that contribute to an organization’s success, these earlier studies provided a broad context for understanding high-performing organizations. The common characteristics identified by these scholars
offer several areas for further research. For the purposes of this study, I chose to examine the relationship among leaders of high-performing organizations in northeast Florida.

**Chapter Summary**

In summary, nonprofit organizations are an essential part of our communities, providing services to those in need and engaging civic participation. The impact of the sector as a whole is evident by its economic, political, and social forces. Understanding the sector is important for maintaining its health and well-being (Littlepage et al., 2006). Understanding the sector, means first understanding the nonprofits that make-up the sector by examining those organizations that have excelled in their ability to provide services and overcome challenges. Nonprofit organizations do not perform well without the direction and vision of leaders. Therefore, it is the leaders of nonprofit organizations that are important for understanding the journey that organizations make from mediocre or poor performance to high performance (Light, 2002).

The next chapter will discuss the methodology for the present research study. Using a multi-phased approach, this study provided a quantitative landscape of a sample of nonprofits in northeast Florida. Then with the help of field experts, 15 nonprofit organizations were identified to further investigate. Nonprofit leaders were interviewed and, as a result, leadership characteristics and practices of high-performing organizations were identified.
CHAPTER 3

Methodology

This research was a descriptive study designed to provide a general understanding of the nonprofit sector in northeast Florida and describe the nature of the relationship among the volunteer and paid leaders of high-performing organizations. Specifically, this study identified 15 high-performing nonprofits located in the Metropolitan Statistical Area (MSA) of Jacksonville, Florida. The MSA of Jacksonville is located in northeast Florida and is comprised of a five-county region, including Baker, Clay, Duval, Nassau, and St. Johns counties. Participants in the study included nonprofit executive leaders and board members, executive staff of public service or benefit agencies, and community leaders from the five-county region. While this research was limited by geographical location, the type of nonprofit organization, and organizations that were performing at a significantly high level, I also excluded one organization because of a potential conflict of interest. At the time I began this study, I was employed at Episcopal Children’s Services (ECS), a youth-serving nonprofit in northeast Florida. Because it might be viewed as a conflict of interest, I decided that ECS would not be considered for participation in the study.

Limitations of the Study

As stated earlier, this study was designed with limitations including the nonprofit’s geographic location, type of organization, and level of performance. Due to
the size of the nonprofit sector in northeast Florida, these criteria helped to generate a
sample of organizations. Each of these criteria is described below to better explain the
limitations within the study.

**Geographical Location**

This research study included only organizations founded in the United States of
America and located in Jacksonville, Florida’s MSA. The Jacksonville MSA covers
approximately 3,109 square miles (United States Census Bureau, 2000), at the time of
this research, had a population of 1,276,856 (United States Census Bureau, 2006), and
had approximately 995 501(c)(3) organizations (Salamon et al., 2008).

**Type of Nonprofit**

Only nonprofit organizations registered with the Internal Revenue Service as a
501(c)(3) were included in the study. The IRS determines an organization as tax exempt
under section 501(c)(3) when an organization is

. . . organized and operated exclusively for exempt purposes set forth in section
501(c)(3), and none of its earnings may inure to any private shareholder or
individual. In addition, it may not be an *action organization*, i.e., it may not
attempt to influence legislation as a substantial part of its activities and it may not
participate in any campaign activity for or against political candidates.

Organizations described in section 501(c)(3) are commonly referred to
as *charitable organizations*. Organizations described in section 501(c)(3), other
than testing for public safety organizations, are eligible to receive tax-
deductible contributions in accordance with Code section 170.

The organization must not be organized or operated for the benefit of private
interests, and no part of a section 501(c)(3) organization's net earnings may inure
to the benefit of any private shareholder or individual. If the organization engages
in an excess benefit transaction with a person having substantial influence over
the organization, an excise tax may be imposed on the person and any organization managers agreeing to the transaction. Section 501(c)(3) organizations are restricted in how much political and legislative (lobbying) activities they may conduct. (IRS, 2011)

In addition to being registered as 501(c)(3), only organizations that filed a 990 tax form in the previous three years with an annual budget greater than $150,000 were included in the study. For the purposes of this study, religious congregations, institutions of higher education, general health organizations, and hospitals were excluded. These organizations were not included in this study because the focus of the research was on organizations that shared similar challenges in managing growth, fundraising, and accountability. Religious congregations, institutions of higher education, and hospitals do not necessarily experience these same challenges because they have natural relationships with donors who are their constituents, which give them an unfair advantage when comparing fundraising challenges. Additionally, these organizations do not experience the same growth management challenges as other charitable organizations because churches, colleges and universities, and nonprofit healthcare facilities are often able to rely on other sources of income such as a parent organization for support. Finally, churches were excluded because it would have been difficult if not impossible to gather their financial information because, at the time of this study, they were not required to file tax returns with the IRS.

**Level of Performance**

Organizations that had achieved a significant level of performance at the local level were the focus of this investigation. That said, high-performing organizations
located in northeast Florida that achieved a significant level of performance beyond the local boundaries were not excluded from this study. Measuring the success of nonprofit organizations is not an easy task. As stated earlier, measuring the effectiveness of the nonprofit sector is very challenging due to the vastly different organizations that make up the sector. Unlike the private sector, where financial data such as profit margins and shareholder returns are useful metrics for comparison, the nonprofit sector is, by its nature, more difficult to measure using only financial outcomes (Crutchfield & Grant, 2007). Therefore, to establish criteria for determining high-performing nonprofits, this research was guided by a method devised by researchers Crutchfield and Grant in their work *Forces for Good* (2007). The definition Crutchfield and Grant (2007) created was based on a two-pronged approach that involved the use of both quantitative and qualitative data.

The first step in identifying high-performing nonprofits was to gather data from the members of the Nonprofit Center of Northeast Florida. The data addressed each organization’s service area, financial metrics, and general demographics, including the number of paid staff and board members. The second prong of the approach was to assess organizations through qualitative data gathered through interviews. Guided by the idea of determining which organizations have achieved the most significant level of performance, interviews were conducted with six individuals who possess an elite perspective about the nonprofit community in northeast Florida. Combining the data gathered about the nonprofit organizations and interviews, a sample of 15 high-performing organizations was identified.
It is important to note that assessing the size of the nonprofit sector is filled with challenges, which may have posed an additional limitation to this study. The primary source for data on the nonprofit sector comes from tax returns, commonly referred to as Form 990. Because the Internal Revenue Service is responsible for monitoring and collecting nonprofit organizations’ financial information, it may seem like a good source of information. On the contrary, it is not always a good source for information because the information that is available is not timely and comprehensive, and in some cases is not accurate.

Data from Form 990 may not be readily available when the research is conducted because, unlike individuals who must file tax returns by a set date, NPOs are not subject to the same kind of IRS filing deadline. The reason is simple. Nonprofit organizations do not all share the same year-end dates and therefore file their returns at various times throughout the year. Not only do nonprofits have various year-end dates, but they are also given up to 11 months after their fiscal year ends to file their returns, Form 990 (IRS, 2008b).

Another challenge in assessing the size of the nonprofit sector is that not all 501(c)(3) organizations are required to file tax returns. Prior to 2008, the Internal Revenue Service required only those organizations that have $25,000 or more in gross receipts to file tax returns using the Form 990 and excluded religious organizations from filing all together, regardless of their revenues (IRS, 2007c). Therefore, financial information on small nonprofit organizations was not available; however, new tax laws in 2008 require these organizations to file an electronic form, 990-N, a shorter version of the 990 (IRS, 2008b). In addition to the IRS not collecting tax returns from all charitable
organizations, the records that are on file are not purged regularly, leaving the information outdated (Salamon et al., 2008).

Thus, it is no surprise that the four main national data sources that inform citizens about the size of the nonprofit sector will each yield a different estimate (Salamon et al., 2008). To overcome these challenges, some researchers have devised a system of comparing data from several sources to assess the size of the sector. For example, in Salamon et al.’s (2008) work, *Florida’s Nonprofit Sector: An Economic Force*, the scholars developed a methodology that consisted of data gathered from primarily four sources. This aggregate data set included a list of 501(c)(3) organizations produced by the Johns Hopkins Center for Civil Society Studies from the Quarterly Census of Employment and Wages, a database of 501(c)(3) organizations produced by the National Center for Charitable Statistics (NCCS) at the Urban Institute, a database of private foundations produced by NCCS, and Form 990 filed with the IRS, and the September Supplement to the Current Population Survey, administered by the Bureau of Labor Statistics. Having said this, researchers still maintain that the best way to assess the size of the nonprofit sector is to collect data through the information gathered by the IRS and primarily Form 990 (Salamon et al., 2008).

**Phases of the Study**

This study occurred in four phases. In Phase 1 of the study, a description of the current state of the social sector was developed for northeast Florida’s nonprofits. Phase 2 of the study was to identify a sample high-performing organizations. Phase 3 of the study was to explore the nature of the relationship among the organization’s leaders.
Phase 4 of the study consisted of data analysis and interviews with the field experts, from Phase 2 of the study, to gain their perspectives on the findings.

**Phase 1: General Profile of the Social Sector**

Varying by size, mission, services, and focus areas, the nonprofit sector in northeast Florida, at the time of this study, consisted of 995 501(c)(3) organizations (Salamon et al., 2008). A board, as required by the IRS and their tax-exempt status, and an executive officer govern nonprofit organizations. The governing board is generally called a *Board of Trustees* and, as stated earlier, consists of volunteers. The executive is generally a full-time paid staff member termed an *executive director* or *chief executive officer* (CEO). In addition to the governing board and chief executive, organizations may also include a team of senior executive staff members who oversee particular programs or operations within the organization. Collectively, the board, chief executive, and senior executives constitute the leadership of a nonprofit organization.

Using the Nonprofit Center of Northeast Florida’s 2008 membership list of approximately 160 nonprofits, data were collected to create a general profile of the sector. At the time of this study, the members of the Nonprofit Center of Northeast Florida constituted approximately 16% of the total number of nonprofits in the Jacksonville MSA. It important to note that the information collected from the members of the Nonprofit Center was considered to be public information and was gathered through their website and other means such as tax exempt forms (990s). The data gathered focused on the financial health of the organization, type of organization, and number of paid employees and board members. In addition to gathering information
about the Nonprofit Center’s members, additional organizations in the region were included to ensure that a representative sample was generated. For example, the Cummer Museum of Art and Gardens, Jacksonville Humane Society, Jacksonville Symphony Orchestra, and Jacksonville Zoo and Gardens are high-profile nonprofits in the region that are not members of the Nonprofit Center and had the potential of being identified as high-performing organizations. Additional criteria were also used to identify prospective high-performing organizations, which included the following:

- A registered charitable organization that is not a religious congregation, institution of higher education, or healthcare organization;
- A minimum budget of $150,000 to ensure the organization has at least one paid staff member;
- No less than three years of service;
- Tax return, Form 990, filed in the last three years; and,
- Geographically within the Metropolitan Statistical Area (MSA) of Jacksonville, Florida.

The data on the nonprofits that are not members of the Nonprofit Center of Northeast Florida were collected by first identifying which organizations in the region were not members of the Nonprofit Center. Using the most recent list of nonprofits compiled in 2008 by the Nonprofit Center of Northeast Florida, members of the Center were compared with the 2008 list of all NPOs to determine which organizations were missing from the membership. Then data were collected on those organizations that were not members of the Center by accessing tax returns Form 990 online through The Foundation Center (http://foundationcenter.org) or GuideStar (www.guidestar.org).
This phase of the study measured concrete outputs, which were not used as the sole measure of high-performing organizations. Rather, this study followed the scholars’ recommendation of using a combination of measures to demonstrate the effectiveness of an organization (Bowman, 2004; Crutchfield & Grant, 2007; Lowell et al., 2005). Therefore this study also used criteria provided by the literature and perspectives from people with extensive knowledge and experience with northeast Florida’s NPOs to identify a representative sample of high-performing organizations, as described below.

**Phase 2: Selecting a Sample of High-Performing Nonprofits**

The data gathered from the nonprofit sector were used to generally classify northeast Florida’s nonprofits by size and type of organization. Once the data were collected, I conducted interviews with the field experts who, based on their experience and knowledge, had an elite perspective of the nonprofit sector in northeast Florida. Marshall and Rossman (2006) described elite individuals as “influential, prominent, and/or well-informed in an organization or community; they are selected for interviews on the basis of their expertise in areas relevant to the research” (p. 105). That said, the six individuals selected to participate in this study possessed a broad perspective across the sector (funders, community leaders, nonprofit leaders), had a wide-range of knowledge, and did not pose a conflict of interest with the organizations under consideration. Throughout the proposed study, these individuals are referred as *elite informants* or *field experts* and were assigned alphanumeric codes to maintain their confidentiality. As a result of these interviews, a sample of 15 high-performing nonprofit organizations in northeast Florida was identified.
As stated earlier, the field experts were identified from community and executive leaders from public support and benefit organizations such as the United Way of Northeast Florida, Nonprofit Center of Northeast Florida, Community Foundation of Northeast Florida, Jessie Ball duPont Fund, Jacksonville Community Council, Inc., and the Women’s Giving Alliance. Their expertise about the nonprofit sector in northeast Florida stemmed from their knowledge and experiences working with NPOs. The personal identities of the field experts were protected to allow them to speak candidly. In anticipation of other field experts being recommended, I asked the participants to identify others who have an elite perspective of the sector. No new members were identified. However, if a new field expert had been recommended, this list would have expanded to include their suggestions.

The first interview with the field experts was to identify a sample of high-performing nonprofits. These conversations were not recorded but notes were taken to ensure accurate information was captured. An interview guide was used as recommended by Patton (2002) “to ensure that the same basic lines of inquiry are pursued with each person interviewed” (p. 343). The guide delimited the topics discussed; see Appendix A. Because of the nature of these interviews, verbal informed consent was obtained. At the conclusion of the interviews, participants were asked if they would like to participate in another interview after the data were gathered and analyzed. As discussed in Phase 4, the purpose of second interview was to deepen the understanding of the research findings and their implications for other nonprofits in northeast Florida.
Phase 3: Interviews with Nonprofit Leaders

After a sample of high-performing nonprofit organizations was identified, interviews were conducted with leaders from each organization. The leaders consisted of board members, chief executives, and senior executives. For this study, it was desirable to have four participants from each organization, including two representatives from the board and two representatives from the executive leaders. The board members were selected based on their positions and longevity of service with the organization. The board president and immediate past president were invited to participate in the interview process. However, if either or both the board president and immediate past president were unavailable to interview, then another board member was selected based on their length of service on the board and a nomination from the chief executive. The chief executive and a senior executive were also interviewed in a one-on-one setting. The senior executive was selected based on the person’s interactions with the board or a nomination from the chief executive.

The interviews of the nonprofit leaders were guided by questions that were developed using criteria described in the literature (Collins, 2001; Crutchfield & Grant, 2007; Knauf et al., 1991 see Appendices B, and C). The data gathered from the interviews with the nonprofit leaders were used to better understand the nature of the relationship between board members and executive staff from high-performing organizations. Interview questions focused on organizational challenges that board members and executive officers must overcome as nonprofit leaders. These challenges included fiscal stability, succession planning, accountability, fundraising, image in the community, and growth. The questions addressed how each group handles these issues,
takes ownership of problems, whether or not strategic planning is involved, and whether or not these efforts are sustained over time.

The interviews were documented using a digital recorder and note taking during the interviews. After the interviews, the recorded interviews were transcribed to document the participants’ own words. The recorded interviews were destroyed following the transcription. The transcripts were made available to the participants, giving them an opportunity to review the information and confirm their responses. Both the notes taken during the interviews and the transcripts were used for data interpretation and analysis to make sense of what people said and to identify patterns among participants’ views. The importance of the interview data was to discover the participant’s perspective by describing the events as the participant views them (Marshall & Rossman; 2006, Patton, 2002). Data analysis was a process of categorizing similar themes and ideas in order to interpret and develop an understanding about the data.

Phase 4: Data Interpretation

After gathering financial data, selecting a sample of high-performing nonprofits, and interviewing organizational leaders, I created a description of the nonprofit sector in northeast Florida and identified leadership characteristics and practices of high-performing organizations. As the data were compiled, analysis consisted of looking for themes across the cases to identify patterns across the sample. The patterns identified were shared with some of the field experts from Phase 2 who agreed to participate by providing their feedback on the findings.
Similar to Crutchfield and Grant’s (2007) study, this research included others’ perspectives during the data interpretation process. In Crutchfield and Grant’s (2007) study, the researchers asked practitioners and elite informants to review their findings. As the field experts were presented the findings, their reactions were documented. The field experts made their own generalizations about the data. The purpose of asking the field experts to review the findings was to confirm that the patterns were indeed leadership characteristics for high-performing organizations in northeast Florida. This was an important phase in the research process because it helped to understand what implications the findings may have for other organizations in the region.

**Participant Protection**

In accordance with the University of North Florida’s policies and procedures for institutional research, the Institutional Review Board (IRB) approved the research study prior to any data being collected (see Appendix D). IRB protocols were followed to ensure the confidentiality and protection of all of the participants. All of the participants were 18 years old or older and were asked to sign an informed consent form that described the research project and purpose of the data collection. The data collected were treated as confidential information and securely stored. To conceal the identity of the organizations and the leaders who participated in this study, nonprofits were described by their service area. Leaders were identified by their positions or titles and years of service. For example, a nonprofit may be identified as a youth serving organization and its leaders as chief executive and board member. Data collected for the purposes of this study were stored on the University of North Florida’s server and, in accordance with IRB
guidelines, will only be retained for three years following the completion of this research project. The researcher maintained security of the paper copies that were circulated to committee members by asking for all copies to be returned. All paper copies were destroyed.

Table 5 below outlines the data collection methods for the study. Data consisted of both quantitative and qualitative information gathered through documents and interviews.

Table 5

*Data Collection Methods*

<table>
<thead>
<tr>
<th>Quantitative Data</th>
<th>Qualitative Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>IRS ruling date</td>
<td>Leaders’ tenure and position held at the organization</td>
</tr>
<tr>
<td>Revenues</td>
<td>Leaders’ role and responsibilities</td>
</tr>
<tr>
<td>Expenditures</td>
<td>Relationship between paid and volunteer leaders</td>
</tr>
<tr>
<td>Assets</td>
<td>Leaders’ perceptions of the organization’s performance</td>
</tr>
<tr>
<td>Number of board members and paid staff</td>
<td>Organizational challenges: accountability, financial stability, fundraising, image in the community, and growth</td>
</tr>
<tr>
<td>Organization’s service area</td>
<td>Leaders’ role in overcoming organizational challenges</td>
</tr>
</tbody>
</table>

The quantitative data helped to determine which organizations were included in the sample of high-performing organizations. After qualifying organizations were identified, the field experts helped to narrow the sample organizations to 15 high-performing nonprofits.

The qualitative data gathered from interviews of nonprofit leaders were analyzed after all of the interviews were completed. First, the data were organized by maintaining a separate file for each interview. Next, the interviews were transcribed to convert the digital recordings and notes taken during the interview into one document. During this step, the transcribed interviews were made available to the participants for clarification
and verification. The next step of analysis was to divide the interviews into segments. Then each segment was coded. Creswell (2005) described the coding process in this way, “to make sense out of the text data, divide it into text or image segments, label the segments with codes, examine the codes for overlap and redundancy, and collapse these codes into broad themes” (p. 237). After the data were coded and themes were identified, the data were reviewed as a whole. The results of this analysis were shared with the field experts as explained in Phase 4 of this study.

**Chapter Summary**

In summary, this study was designed to investigate northeast Florida’s nonprofit sector by examining a representative sample of high-performing organizations. These organizations were further studied to better understand the nature of the relationship among the volunteer and paid leaders. Nonprofit leaders are a key factor, scholars have noted, in helping a nonprofit achieve a high level of performance (Collins, 2001, 2005; Crutchfield & Grant, 2007; Knauff et al., 1991; Light, 2002). Some of the topics that were explored in studying the nature of the relationship included how volunteers and executive leaders collaborate and share responsibilities, the structure of the executive leadership, and how organizational challenges are managed.

The interviews with nonprofit leaders took approximately 10 months to complete. After all of the interviews were conducted and the data were analyzed, preliminary results of the study were developed. These preliminary results were shared with the elite informants as described in Phase 4 of this study. The following chapter describes the results of this study and is summarized by each of the four phases.
CHAPTER 4

Results

This chapter of the study describes the findings, analysis, and results. This was a multi-phase study comprised of four phases. The four phases included:

- Phase 1: descriptive statistics of the nonprofit sector in northeast Florida;
- Phase 2: interviews with elite informants;
- Phase 3: interviews with nonprofit leaders from high-performing organizations located in northeast Florida; and,
- Phase 4: data analysis and validation from elite informants.

The first phase of this study was to describe the current state of the nonprofit sector. Quantitative data were collected on nonprofits from IRS Form 990. This form includes financial and demographic information submitted by organizations filing exemption from income tax. The data provided a general understanding of the nonprofit sector in northeast Florida.

In the second phase of this study, interviews with individuals with an elite perspective of northeast Florida’s nonprofits were conducted to identify a sample of high-performing organizations. The interviews resulted in a sample of 15 nonprofit organizations. These organizations were then randomly grouped into three groups of five, and interviews were scheduled with the leaders of the first two groups, a total of 10 organizations. The purpose of grouping the organizations in this manner was to collect data from the first two groups to determine if common characteristics and themes
emerged. If themes were not discovered, then leaders from the remaining five organizations would have been invited to participate in this study.

The third phase of this study was to identify the leadership characteristics and practices in high-performing organizations. Data were collected through interviews with paid executives and volunteer board members from each organization in the sample. As described in the methodology in Chapter 3, the research was designed with the expectation that four leaders from each organization would be interviewed, two paid executive staff and two board members. Instead, in two of the 10 organizations, less than four participants were interviewed. One of these organizations was structured in such a way that only one paid staff member, the executive director, worked directly with the board. Additionally, this organization was undergoing a change in board leadership. At the request of the chief executive, only one board member was interviewed. Thus, only two leaders from this organization participated in this study. Another organization had only three leaders who were available to be interviewed, two paid staff and one board member. This phase resulted in 19 paid executives and 18 volunteer board members, a total of 37 nonprofit leaders, participating in the study.

The 37 nonprofit leaders were a fairly homogeneous group. The 10 chief executives consisted of eight Caucasian females, one Caucasian male and one African American male. Six of the nine senior executives were Caucasian females. There was also one Caucasian male, one African American male, and one Asian female among the senior executives who participated in this study. Among the 18 volunteer board members, nine were Caucasian females, two were African American females, four were Caucasian males, two were African American males, and one was an Indian female. The
In Phase 1 of this study, the field experts who participated in Phase 2 and helped identify a representative sample of high-performing nonprofits were invited to provide their insight on the findings. While six field experts participated in the Phase 2 of the study, only four were available to participate in Phase 4. Their perspectives on the results of this study are included below.

Data will be presented by the phase in which it was collected. The quantitative data from Phase 1 of the study will be discussed first followed by the qualitative data from Phases 2, 3, and 4.

**Phase 1**

In Phase 1, data were gathered from organizations that were members of the Nonprofit Center of Northeast Florida, as listed on their website, in August 2009. At that time, 165 organizations were identified on the membership roster. The population was expanded to include nonprofits that were high profile organizations and those identified

age groups of the participants were also similar with the majority of the leaders being approximately 50 years old or older. Eight of the chief executives, four of the senior executives, and eight of the board members were approximately between the ages of 50 and 60 years old. Two of the chief executives, one of the senior executives, and nine of the board members were approximately 61 years old or older. There were four senior executives and one board member who were approximately 40 to 50 years old. There were not any chief executives in the age group between 40 and 50 years old. In short, the majority of the nonprofit leaders who participated in this study were Caucasian females approximately 50 years old or older.
through interviews with the field experts. As a result, the total number of nonprofits in the sample increased to 181 organizations. After screening organizations that did not meet the research criteria and using the Foundation Center and GuideStar’s online databases to gather data from Form 990 filed with the IRS, the total number of organizations that remained in the sample was reduced to 108.

The data collected from these 108 organizations were retrieved from tax forms filed in 2007 and 2008, the most recent information available at the time of this study. Of the organizations included in the sample, the average revenue reported was $6,034,898 with 63% of the organizations reporting more than $1,000,000 in annual revenues. These organizations reported average expenditures of $5,273,920 and average assets of $5,808,024.

In addition to their large economic base, these organizations engaged a large group of volunteer board members. At the time of this study, the IRS required organizations to report officers, directors, and trustees; therefore, data were also collected about the number of board members serving at each organization. Five organizations did not list any board members, and the number of board members reported for the remaining organizations ranged between four and 65 members. Fifty-two percent of the organizations reported large boards of 15 or more members, while 19% reported between two and nine board members.

Additionally, in 2007 and 2008 the IRS required organizations to report the compensation of the five highest paid employees who earned more than $50,000 annually. Of the 108 organizations, 19 nonprofits did not report any paid staff who earned more than $50,000 per year. However, of the nonprofits that reported paid staff,
31% identified one staff member and 52% identified between two and 11 paid staff members.

The service areas represented by this group of nonprofits ranged among advocacy, animals, education, environmental, cultural, healthcare, social services, and youth-serving. As illustrated by the figure below, the majority of nonprofits in this group represented social services and youth-serving organizations.

Figure 2. Service area of 108 northeast Florida nonprofit organizations.

The organizations identified in Phase 1 of this study were used as a starting point for identifying high-performing nonprofits in Phase 2. By using the membership roster from the Nonprofit Center of Northeast Florida and including other high-profile organizations, I was able to collect data from organizations that had the potential of being selected as high-performing nonprofits. As I explained earlier, a combination of measures were used to identify high-performing organizations. Therefore, in addition to the criteria used to select the organizations in Phase 1 of this study, I also used the
literature and elite informants to help identify a sample high-performing nonprofits whose leaders would participate in this study.

**Phase 2**

In Phase 2, six field experts, also referred to as elite informants, were interviewed to identify a representative sample of high-performing organizations. As stated in Chapter 3, these experts were selected to participate in this study based on their experience and knowledge of the nonprofit sector in northeast Florida. The interviews generally lasted one hour and were not recorded to maintain the participants’ confidentiality. To further ensure their confidentiality, the participants’ names were not used in the notes taken during the interview. Rather, the respondents were identified by a randomly assigned numeric code. The interviews yielded a total of 56 candidates as high-performing organizations. The data collected were sorted and then counted to determine the frequency at which each organization was identified. Three or more participants identified 15 organizations, and those organizations were selected for inclusion in Phase 3 of the study.

The 15 nonprofits identified as high-performing organizations were a formidable economic force with large boards. Together, these 15 organizations reported total revenues of $185,437,941, total expenditures of $161,472,682, and total assets of $110,024,566, according to their 2007 and 2008 Form 990, see Figure 3. As illustrated by Figure 3, more than 60% of these organizations reported revenues of $5 million or more. Fifty-three percent reported expenditures of $5 million or more and 52% of these 15 high-performing nonprofits reported more than $5 million dollars in assets.
Figure 3. Revenue, expenditures, and assets as reported on Form 990 in 2007 and 2008, by 15 high-performing nonprofit organizations in northeast Florida.

In addition to their robust fiscal standing, more than 70% of these organizations had large boards with 16 or more members as illustrated in Figure 4.

Figure 4. Percentage of board members reported by 15 high-performing nonprofit organizations.
As I explained earlier, the 15 nonprofits identified as high-performing organizations in this phase of the study were selected for inclusion in Phase 3.

Phase 3

In Phase 3 of this study, the 15 high-performing organizations were randomly grouped into three groups of five identified as groups A, B, and C. The purpose of this grouping was to gather and analyze data from the 10 nonprofit organizations in groups A and B to see if common themes emerged. If common themes could be identified in the data, then the organizations in group C would not participate in this research study. If, however, themes could not be identified, then the leaders from the five organizations in group C would be contacted to participate in the study.

In comparison to the 108 nonprofit organizations described in Phase One and the 15 high-performing organizations identified in Phase 2, the 10 high-performing organizations proved to be just as fiscally strong. See Figure 5 below.
Additionally, these 10 high-performing organizations were similar in the size of their boards to the 108 northeast Florida nonprofits in Phase One and the 15 high-performing organizations in Phase Two. Seven of the 10 high-performing organizations had boards with 16 or more members. As Figure 6 illustrates, the mean number of board members in the 10 high-performing organizations is comparable to the other boards represented in the northeast Florida nonprofit sector and the 15 high-performing organizations.
Figure 6. Mean number of board members among the northeast Florida nonprofit sector, 15 high-performing organizations, and 10 high-performing organizations.

As a subset of the 15 high-performing organizations, the 10 nonprofits selected to participate in this study did not have a broad range of service areas. As illustrated in Figure 7, the 108 nonprofits span over nine services areas, whereas the 15 high-performing organizations cover three areas and the 10 high-performing organizations were split evenly between two service areas.
Figure 7. Comparisons of service areas among the northeast Florida nonprofit sector, 15 high-performing organizations, and 10 high-performing organizations.

Interviews were conducted with chief executives from the 10 high-performing organizations. At the conclusion of the interview, each chief executive was asked to identify two board members and one senior leadership team member (paid staff) to participate in this study. To assist me in negotiating entry and receptivity with the other members of the leadership team, the chief executives were also asked to introduce the senior leaders she or he recommended to me. At times, chief executives introduced me to other paid staff during the discussion. If this occurred, interviews were scheduled with the paid executives immediately following the interview. If introductions were not made at the time of the interview with the chief executives, then I followed up with the participants by e-mail or phone to confirm the introductions were completed.

Introductions of the board members occurred in a similar fashion. Several days after the interview, I contacted the chief executives to inquire about prospective board members participating in this study. In some cases, I reiterated the preferred criteria for
board participants. I requested the volunteer board members hold a leadership position such as the board chair, past board chair, or executive committee member. Often times, I explained the best candidates to participate would be those whose experiences on the board would enable them to describe the relationship and interactions between the volunteer board members and paid executive leaders. Similarly to the introductions to the senior leaders, the chief executives made introductions via e-mail or phone. I then scheduled interviews with the volunteer board members.

The interview guides for the executive leaders and board members were designed similarly with questions ranging from demographic issues, such as time with the organization and positions held during her or his tenure, to specific questions that addressed the roles and responsibilities of both executive leaders and board members. The questions also addressed the relationship between the board members and the paid executives. The last set of questions focused on the participant’s perception of the impact, performance, and challenges of the organization.

The answers were described by the paid executive leaders and volunteer board members’ responses to common questions. The questions were grouped in the following manner:

- Time with the organization and the position held
- Role and responsibilities and documentation of their role and responsibilities
- Relationship between volunteer board members and paid executive leaders and interactions among the volunteers and paid leaders
- Board members’ role and responsibilities, board members’ knowledge of role and responsibilities, and board orientation
• Organization’s impact in the community and level of performance
• Greatest challenges as a nonprofit and leaders’ role in overcoming challenges

The next section describes the participants’ responses to the grouped questions. To ensure anonymity, the participants were identified by their position in the organization, the organization’s service area, e.g., social services or youth services, and the participants’ years of service in their respective organization. To further obscure the participant’s identity, I reclassified positions such as CEO, president, or executive director to a generic term chief executive. Each excerpt identifies the participant in this manner.

**Time with Organization and Position**

The participants’ responses described below addressed the following questions:

- *How long have you been with your organization?*
- *Have you always held your current position?*

**Paid Executive Leaders**

When asked about their longevity in the organization, nine paid executive leaders reported being with their organization nine or more years. Two chief executive leaders had a long tenure of service with their organization. One of these participants reported being a founder of a youth serving agency and the other participant had 25 years of service with a social services organization. There was only one executive leader who had a considerably shorter tenure of two years of service. Of the senior leaders, seven members had seven or more years of service in their respective organization and two had
five or fewer years. The majority of the chief executives had 11 or more years of service whereas the majority of the senior executives had 1 to 10 years of service in their organization.

When asked whether they were hired into their position or were promoted from within the organization, seven of the chief executives were hired into their position as executive director, CEO, or president and three had been promoted within the organization. Unlike the chief executives, the majority of the senior leaders had been promoted into their position, seven of the nine participants, while two were hired into their positions.

In summary, the majority of chief executives reported a long tenure with their respective organizations whereas only a slight majority (56%) of the senior executives reported between 1 and 10 years of service. Additionally, the data show that high-performing organizations are not growing chief executives from within their organizations; rather they are hiring them from outside the organizations.

**Volunteer Board Members**

When the board members were asked the same questions regarding their years of service, 12 participants reported having nine or fewer years of service with the organization and six reported serving 10 or more years.
Figure 8. Volunteer board members’ years of service at 10 high-performing organizations.

Board members were also asked about their position on the board, whether they volunteered at the organization prior to beginning their service on the board. All but two of the board members had entered the organization as a member of the board. The two members who did not initially start as a board member were volunteers with the organization prior to moving onto the board.

In short, the majority of the board members had served on the board between one and nine years. This short tenure on the board could be caused by term limits as nonprofit boards generally institute a policy to restrict the number of consecutive years board members may serve. Data to support this notion of term limits were not collected as part of this study. The data gathered in this study revealed that the majority of board members began their service on the board as opposed to volunteering with the organization prior to serving on the board.
Role and Responsibilities and Documentation

This group of questions focused on the role and responsibilities of the leaders and whether or not their duties were documented. Specifically, the participants were asked:

- What is your role in the organization?
- What are your responsibilities?
- Are your roles and responsibilities documented in the organization’s policies and procedures or in any other organizational document?

Paid Executive Leaders

When asked about their role and responsibilities, chief executive leaders responded differently from senior executive leaders and therefore are described separately. Chief executives most often cited oversight of the entire organization as their role, and their responsibilities were often described in terms of selecting the right staff to carry out the mission and strategic goals of the organization. Chief executive leaders also described their relationship with the board and cited fiduciary responsibilities.

In the following excerpt, the chief executive described her role and responsibilities as related to her relationship with the board of directors. She also described the importance of hiring staff who are capable of fulfilling their duties and described her responsibility to supervise all of the fundraising, a role she believed was unusual for a chief executive.

I report directly to a board of directors. They hired me, I am responsible to them. We do a strategic work plan each year where we have detailed each of the service areas with goals. I am ultimately responsible for making those things happen. Most of my job is hiring the right people to make sure that those things happen and then holding them accountable. I am also a little different from other [executive leaders] in that all of fundraising reports
directly to me. We did that when I arrived because as a new CEO most of our foundations and big funders wanted to deal with me, wanted to get to know me. And, we were able to streamline the organization and make fundraising the priority it needed to be in this very difficult last two years, with that being one of my direct responsibilities not delegated to someone else.

Chief Executive, Social Services Organization, 2 years

Similar to the chief executive in the excerpt above, the following participant described the role of working with the board and expanded on the idea to include making sure the board members felt valued for their work.

My responsibility, I believe, is to implement board policy including the budget that they approve. That’s my job to implement and to perform in accordance with the budget all of the board policies and procedures, our strategic plan. All of that is decided at the board level but much of it is for staff implementation, I think, to make sure the board has an understanding of key issues that go on within your organization across the board, financial, morale, programmatic, funding, changing environment, all of those things. And to help board members to feel connected to your mission but also in terms of what they can contribute to their organization.

Chief Executive, Social Services Organization, 14 years

The participant in the next excerpt is also similar to the first chief executive because she also supervised a staff member that she believed was an unusual responsibility for a chief executive. Unlike the earlier two chief executives cited above, this participant believed her role and responsibilities also included being an advocate to affect social change, garnering resources for the organization, and ensuring the staff were equipped to fulfill their duties.

I supervise five people directly, CFO, CDO, COO, Executive Assistant, and though this is unusual, our first-step program manager . . . . Day to day, I work with the board and board committees, I review finances, I issue reports. The biggest part of my job comes in three different areas. I’m the one that works on social change in the community at the systemic level. I work on changing the attitudes and beliefs of judges, law enforcement, and the State Attorney’s Office. Changing the way the system responds to [the clients we serve]. Another big part of my job is to make sure we have the financial resources to do what we do. I make sure the organization is fiscally responsible. The third big part of my job is providing the support the rest of
the staff needs to be able to do their job and by that I mean the developmental support, the emotional support giving them the guidance they need to do the best that they do.

Chief Executive, Social Services Organization, 25 years

Senior executive leaders responded to the questions about their roles and responsibilities by describing their duties as they related to their specific position. These senior executives primarily viewed their role and responsibilities in a supervisory and operational perspective.

The following excerpt represents the supervisory perspective of senior executives.

I supervise two major [program] areas, fund development and communications. This includes a staff of six people. We serve a large area in Florida . . . .

While we only have six staff under my [leadership] we only have 60 staff total.

Chief Development Officer, Youth Services Organization, 7 years

The senior executive in the following excerpt described her role and responsibilities as the functions of her position and mentioned her duties as a supervisor.

I am the primary fundraiser and I do a lot of different things. I am responsible for the annual fund. These are the unrestricted gifts to keep the lights on and pay salaries. My purpose is to raise money to support [the organization] and its programs. So what the government doesn’t give us and where we have shortfalls, that’s where I raise the money. We raise money for the annual fund through a lot of different ways. We have direct mail pieces, newsletters, and events. I also oversee [the] staff who implement these areas.

Development Director, Youth Serving Organization, 4 years

The next excerpt represents the operational perspective from the senior executives. This participant also described advocacy as an important part of her responsibilities.

My role is to ensure quality assurance of service delivery and to represent [the organization] in the community. I am responsible for being a vocal advocate. I’m involved in a lot of community meetings. Specifically, I am responsible for keeping up with the grants and grant deliverables, keeping up with staff and state standards. I ensure all areas come under budget. I look at every aspect of
service delivery and make sure we’re on top of what we’re supposed to be on top of.

Associate Director, Social Services Organization, 14 years

Paid executive leaders were also asked whether or not their roles and responsibilities were documented, and all but one person said that both were documented. The one person who said her role and responsibilities were not documented stated, “We have policy manuals but it doesn’t specifically say that someone in my position is responsible for these areas. I think it’s a given when you’re in my position that you would assume the responsibilities I described.”

In summary, the chief executives and senior executives viewed their duties differently. Chief executives had a global view of the organization, citing more responsibility to oversee every aspect of the agency while hiring staff who fit the mission of the organization and who possess the talent to fulfill their duties. Chief executives also described their relationship and interactions with the board and viewed this as an integral part of their role and responsibilities. Conversely, senior executives viewed their responsibilities that pertained to their specific role in the organization. The senior executives also did not view building relationships with the board members as part of their role and responsibilities.

Volunteer Board Members

Unlike the paid executives, when asked about their role and responsibilities, the board members’ responded similarly about their duties. I also noticed the board members seemed more enthusiastic about sharing their perspectives with me and were also very passionate about their nonprofit’s mission. The excerpts below capture the voices of the
volunteer board members who participated in the study. Generally speaking, the board members described their role and responsibilities as advocacy, fundraising, fiduciary duties, and strategic planning.

The board member in the following excerpt described the board’s role and responsibilities as establishing policies, volunteering, and connecting people who are capable of providing resources to the organization.

As a board member, my role is to establish policies, volunteer, and look for people in the community to provide resources for the organization.

Board Member, Youth Services Organization, 10 years

Presenting her board manual, an enthusiastic board member described her role and responsibilities as a decision-maker, advocate, donor, volunteer, and fundraiser.

My duties are documented in here. My role is to be a decision-maker to assist the organization in advancing itself. I am responsible for being an advocate for the organization, making monetary donations, volunteering, and bringing in resources for the organization.

Board Member, Social Services Organization, 2 years

Similar to the first two participants, the board chair in the next excerpt believed advocacy and fundraising were an important role for the board to play. This participant expanded on the role as a board chair to include providing leadership for the board members.

Really as I see it, it is to keep the board of directors informed about what is going on at the [organization]. It is also my responsibility to lead them and guide them in their efforts to be advocates for [the organization]. And, to help them support financially and with their time and with their talents so that the program can continue to grow.

Board Chair, Social Services Organization, 10 years

In addition to agreeing about their role and responsibilities as board members, all of the board members reported that their roles and responsibilities were documented; most of them described the documentation as identified by the bylaws. One of the board
chairs I interviewed told me in addition to board members receiving a manual, he had recently created a guide that more specifically identified the expectations of the board members. He added, “I hope this becomes an official document adopted by the board.”

In addition to their role and responsibilities, nonprofit leaders were asked about interactions between the volunteer board members and executive leaders. Their responses are described in the following section.

**Relationship between Board and Paid Staff and Interactions among the Volunteer and Paid Leaders**

The participants’ questions were worded differently in order to specify their role in the organization. For example, paid executives were asked:

- *What is your relationship with the board of directors?*
- *How much interaction do you have with the board?*
- *Does someone in your position generally interact a lot with the board?*
- *What other members of the leadership team interact with the board on a regular basis?*

Board members were asked:

- *What is your relationship with the chief executive?*
- *How much do you interact with her or him?*
- *Does someone in your position generally interact a lot with the chief executive?*
- *Do you interact with other members of the leadership team? If so, what positions of the leadership team do you interact with?*
Paid Executive Leaders

When asked about the relationship and interactions between the executive leaders and the board members, paid executives generally agreed their relationships were strong. These respondents reported that communication flowed regularly between themselves and members of the board via telephone, e-mail and face-to-face meetings.

The paid executive leaders were asked to identify which members of the executive leadership team interacted with the board. The responses among the chief executive leaders and senior leadership team differed as illustrated below.

It’s primarily me. In addition to myself, our business director, our marketing and development director, and administrative coordinator all participate in board meetings as well. And when we do strategic planning we involve the leadership team directly. I’m the primary link in communication with the board.

Chief Executive Officer, Youth Services Agency, 16 years

Other members of the leadership team who interact with the board are my COO, CFO, and Chief Program Officer. I act as the staff person for the Governance Committee and for the Strategic Relationships Committee for the board. While I am the point person for all full board meetings, committee meetings we’ve divided up among the senior leadership team to be staff representatives at committee meetings.

Chief Executive, Social Services Agency, 2 years

I am present at all committee meetings even though my CFO and CDO run particular meetings. I probably have more communication with the board president than any other member.

Chief Executive, Youth Services Agency, 25 years

I encourage the senior leadership team to interact with board members independent of me. That team consists of our CFO, COO, Executive Vice President of Advancement, and Vice President of Asset Management.

Chief Executive, Social Services Agency, 14 years

As these excerpts indicated overall, the chief executive leaders viewed themselves as the primary liaison between the volunteer board members and the organization. Chief
executives, for the most part, also encouraged their senior leadership team members to interact with the board members via committee meetings and board meetings. In general, the chief executives also believed their relationships and interactions with the board members should penetrate every aspect of governance. Finally, it was evident from the interviews with the paid leaders that the chief executives decided whether or not their senior leadership team members would interact with the volunteer board members.

As stated earlier, the senior leadership team members who participated in this study responded differently to this question regarding their interactions with the volunteer board members.

I do not interact with the board as much as say the development director, but if they have questions, they will call me or e-mail me. Besides at the board meetings, I meet with them when they’re here volunteering [and] working with [our clients]. Every month we have either a board meeting or executive committee meeting so I always give a report to the board on the state of our program. So I’m communicating with them on a regular basis. At our annual board meeting, I give a big presentation. I guess, I know them and they know me but we don’t talk every day.

   Chief Operating Officer, Social Services Agency, 14 years

I am the key point person for the finance and investment committee so I interact on a monthly basis with the members of that committee and the chair, who is also our treasurer. I’m also on the strategic planning committee task force so I’m meeting with those board members regularly. I don’t have much interaction with the other board members who have point persons for their committees. I also attend all of the board meetings.

   Chief Financial Officer, Youth Services Agency, 25 years

The excerpts included above represent the views of the senior executive leaders who participated in this study. Generally speaking, senior executives viewed their interactions with the volunteer board members strictly as job-specific. In other words, their interactions with the board members were solely driven by their area of oversight.
such as development, finance, and operations. Unlike the chief executives, senior executives did not view their interactions with the board members through a global lens; rather they believed their interactions were limited within the scope of their job duties.

Next, the paid executives were asked to describe their relationship between the paid and volunteer leaders. The general consensus among the paid leaders, whether they were chief executives or senior leaders, was positive in that they believed a good relationship existed between them and the board.

I think overall we have a positive relationship and that communication flows pretty easily.

Chief Program Officer, Social Services Agency, 9 years

The bulk of [our interactions are] built around personal relationships with them. I have a very strong relationship with the board chair and regular communication with each committee chair. I personally also send communication to the board members on a monthly basis either by phone or seeing them somewhere.

Executive Director, Social Services Agency, 9 years

I provide more information for the board than our model would require but I may send them information such as a client thank you letter with the name blacked out to remind them why they’re doing what they’re doing. But really, my board doesn’t take a lot of work on my part. I don’t have to spend the cultivation with my board that I would with a major donor. My interactions with the board are mostly informative.

Chief Executive, Social Services Agency, 2 years

The excerpts above reflected the overall view of the participants from the paid leadership. There was one executive leader whose response was not consistent with the other participants. This respondent explained how her organization followed a strict governance model, which limited interactions with board members. According to this paid executive, the board was strictly a governing board and, therefore, had little oversight in programmatic areas. Therefore, as a senior leader being responsible for the
programmatic components of the organization, interactions with the board were limited. This participant had 12 years of tenure with a social services agency.

**Volunteer Board Members**

The volunteer board members responded to this question, focusing on their relationship with the chief executive officer. Board members reported having a strong relationship with the chief executives leaders and overall felt there were regular interactions between them.

Yes, there is a lot of interaction between the board chair and the executive director. The executive director runs things by me, but of course the president of [the State Office] is still the main person. But she does run things by me and of course if we’re trying to cultivate someone then I work with the executive director with that.

Board Chair, Social Services Agency, 5 years

It is a very, very healthy and very good collaborative relationship.

Board Member, Youth Services Agency, 10 years

Over time, my relationship has developed with the executive director . . . . Our executive director is very good about keeping us informed and working with us.

Past Board Chair, Youth Services Agency, 13 years

The responses above captured the general consensus of the volunteer board members. There were, however, a few exceptions to the overall view of the board. For example, one board member reported having very little interaction with the executive director but felt this was due to not holding a position on the executive committee. This participant was a volunteer board member for six years at a social services agency. Another board member, with 10 years of service at a youth-serving organization, stated that there were no regular interactions with senior leadership, but that meetings would be possible if the need arose. When asked if the board members interacted with other
members of the executive leadership team, the participants agreed most often citing the development staff, programmatic personnel, and financial staff.

Next, the leaders were asked about the board members’ understanding of their role and responsibilities to the organization. These questions were different from the questions above as they focused specifically on the board members’ knowledge of their duties and their orientation to the organization.

**Board Members’ Role and Responsibilities**

Both paid leaders and volunteer leaders were asked about the board’s role and responsibilities. They were asked:

- *Do you believe the board members know their role and responsibilities?*
- *Are board members given a formal orientation?*
- *Are the board members told their roles and responsibilities at orientation?*

**Paid Executive Leaders**

The paid executive leaders agreed that the board members’ roles and responsibilities were documented and, generally speaking, executives believed the board members understood their role and responsibilities.

Yes, their expectations are quite clear . . . . When we invite new board members to come onto the board we explain the expectations.

Chief Executive Officer, Youth Services Agency, 16 years

I do believe they know their role . . . and there are a lot of resources available to them to guide them as a board member.

Chief Operating Officer, Social Services Agency, 7 years
The excerpts above capture the general view of the paid executive leaders. There were, however, a couple of executive leaders who were less sure of the board members’ understanding of their role and responsibilities. One chief financial officer with 25 years of service at a social service agency responded that “the majority of the board members” knew their role and responsibilities. The other senior executive, a development director with four years of service at a youth-serving organization, said, “some know [their role and responsibilities] and some, not as much as they should.”

Two chief executive officers believed assisting the board members in identifying their role on the board was an ongoing process.

I find that board members sometimes have a hard time figuring out where they plug in. I can see value that they add but sometimes that’s not always readily apparent to them. Board work is one of the best things about being a CEO, but it’s also the most challenging. I don’t think any CEO feels like they have enough time to spend with the board for maximum benefit either. It’s a struggle to find that amount of time.

Chief Executive, Youth Services Agency, 16 years

I do, I do [think board members understand their role]. I think that sometimes it’s hard for them to figure out how they can bring them to fruition but they understand what their responsibilities are . . . . You know sometimes you have somebody on the board because of their perspective and their wisdom [but] they may not recognize all that they add during the course of the meeting they’re thinking specifically, “what more should I be doing, what more should I be doing?” So, I’m trying to educate them in the multiple ways that they can be helpful to us.

Executive Director, Social Services Agency, 9 years

When asked whether or not the board members received orientation and whether or not they were told about their role and responsibilities, all of the executive leaders agreed the board members received a formal orientation and were told about their role and responsibilities at that time.
The idea of fundraising was a recurring theme in the responses from some of the paid executive leaders.

We talk at orientation [and tell the] board members that they are required to participate at every [special] event that we do. We don’t set a minimum level of participation but they must at least participate on any events or fundraising that we do.

Chief Executive, Social Services Agency, 2 years

During orientation we tell the board members, more and more foundations are asking about whether or not we have 100% of board participation financially and we tell them we do, which is why it’s really important. And, we think it’s important if they’re going to be asking people for money that they’ve given themselves.

Chief Development Officer, Youth Serving Agency, 7 years

Other executive leaders discussed the orientation process and the wealth of information that is presented.

We have a formal orientation that lasts for about four hours. The board members visit a couple of sites and then sit down with a current board member and me to discuss their role and responsibilities and how it fits with our mission.

Chief Executive, Social Services Agency, 14 years

Another Chief Executive explained the importance of the identification of prospective board members and the vetting process as it related to a new board member’s orientation to the organization.

Any of our board members can recommend someone to our board. Then our governance committee reviews the nominees to select those who we are going to meet with as a potential board member. During our initial meeting with a potential board member we discuss their role and the responsibilities. If they are invited to come on the board, we conduct an extensive vetting process and after they pass [this process], they are scheduled for an orientation. During orientation we talk about their role and responsibilities in greater detail.

Chief Executive, Youth Services Agency, 18 years
Volunteer Board Members

The volunteer leaders had a different perspective from the paid executives about the clarity of the board members’ roles and responsibilities. For some, the role and responsibilities of the board appeared to be unclear as members may “lose focus” or not be “on board” with the duties surrounding fundraising.

[Our] duties are more in the role of advisory. We’re really looking to the board for fundraising. We want the board members to help us identify people to help [our organization] meet the financial obligations that they have [but] the board sometimes loses focus on projects that they can do for the [youth served by this organization].

Board Chair, Youth Services Agency, 5 years

Another board member focused on fundraising as a responsibility and stated,

I don’t think we specifically outline the board’s expectation to fundraise. I wasn’t told that when I started. We use [a specific model] for fundraising. It’s a good way to raise money by holding one fundraising event a year. But we’re working all year to invite people to come to the luncheon for the fundraiser. I’m not sure that all of the board members are on board with this model. Some of them do not like that concept but for the most part they are pretty supportive.

Board Chair, Youth Services Agency, 9 years

As illustrated by this excerpt, another board member believed new board members learned about their role and responsibilities by reading the by-laws, through previous board experiences, and talking with others.

The role and responsibilities of the board are explained in the by-laws. I don’t believe the new board members were told about their role and responsibilities at orientation because this information is learned through their interactions with other board members and by way of their experiences serving on other boards. The CEO also communicates with us [the board] regularly which helps the members understand their role and responsibilities.

Board Member, Social Services Agency, 8 years
Three board members from different organizations explained that their organizations were either currently revamping or had already revamped the role and responsibilities for the board. This was interesting because the idea of revamping the board’s duties was not discussed in the interviews with any of the paid executive leaders.

My responsibilities are to be well-versed of the functions and the activities of the organization and to be a representative of the organization in the community. We are also asked to periodically participate personally in fundraising activities that the [organization] may be involved in . . . . When I came on the board, we didn’t have an orientation. That was under a different CEO. We are formalizing that process now under our new CEO.

Past Board Chair, Social Services Agency, 11 years

When I arrived on the board, we didn’t have anything in writing that described our role and responsibilities. As the board chair, I have created a guide that I think will help all of the members, new and old, understand their expectations. I am working with [the CEO] to develop the guide, and when it’s finished I hope it is adopted by the board as an official document.

Board Chair, Social Services Agency, 10 years

Because our board members are not accustomed to raising money, we are rewriting the roles and responsibilities. We are receiving our direction from our state board. Right now they’re in the process of changing the roles of the [local] boards. I think this is really good because the trustees will be able to convey this to the [local] board members so that they know what their roles and responsibilities will be. There is a committee that is developing the roles and responsibilities and they’re including executive directors, board members from [around the state] and trustees so that there will be a good cross section of people. I think once that is done, I think it will be made clearer. There again it will be the responsibility of the trustees to make it clear to the [local] board members.

Board Chair, Youth Services Agency, 5 years

In short, the majority of the board members agreed their organization provided a formal orientation outlining the role and responsibilities for the board. The few who disagreed felt the board members understood their role and responsibilities but gained this knowledge through means other than a formal orientation session. As explained by
one of the board members, “We are not given an orientation but we are provided with a mentor who explains our purpose and responsibilities.” At the time of this interview, this participant had served 13 years on the board of a youth-serving agency.

After talking about the leaders’ duties, the next group of questions focused specifically on the organization including its impact and performance.

**Organization’s Impact in the Community and Level of Performance**

Participants were asked the following questions about the organization’s impact.

- *What is the impact your organization makes in the community?*

- *How do you describe the level of performance of your organization?*

**Paid Executive Leaders**

Generally speaking, the majority of executive leaders defined the impact quantitatively by describing the number of people served, outcome measures, and the longevity of the organization. Although they defined their impact in this manner, their reluctance to use such quantitative measures was evident. Their sentiments are best captured by the statement from one CEO who said, “Trying to develop measurement outcomes to determine our impact in the community is difficult because everything we do cannot be defined by numbers.”

Some executive leaders described the impact of their organization by explaining what would happen to the community in the absence of their services. For example, one chief executive from a social services organization stated, “Unfortunately, the true impact of our organization would not be realized unless we didn’t exist.”
In the excerpt below, another chief executive elaborated on this idea by explaining the economic ramifications of her organization.

I think the only way this community would ever really understand the impact of [this organization] is if we close . . . . We have a campus of services . . . that makes a tremendous impact from an economic development perspective . . . . We’ve got people that we are working within a program to turn their lives around, get them back into homes of their own get them into jobs, get them back to being taxpayers. We do it in a way that’s compassionate but tough, and I think it’s appreciated by people who’ve been here and understand it and maybe taken for granted by people who don’t . . . . We make an impact in maybe a quiet way, but in an important way.

Chief Executive, Social Services Organization, 2 years

Other paid executives described the impact of their organization by explaining their model of care and the impact on their constituents. The response by the chief executive in the next excerpt represents these paid executives’ perspectives.

One of the things [our organization] has always talked about is “How do we have the maximum impact?” And that’s been our focus, is how do our programs have the greatest impact, not how do we serve the greatest number of people but how do we create the greatest positive change for the individuals we do serve, which is a challenging model financially . . . . We bring everything we have to bear for that [client] to maximize their potential to learn. We do the same thing with every [client] who comes to us, whatever the challenge may be. So, I think that’s our general impact on the community, but it’s our client population of those who would benefit from our services.

Chief Executive, Youth Services Organization, 9 years

The chief executive in the next excerpt believed the impact of her organization could be realized through her staff’s talents and commitment to the mission as well as the organization’s ability to meet the changing needs of the community.

I do believe we’re high impact but I believe we’re high impact because we have an amazing staff who do phenomenal work. I mean that’s really who we are, the people who are doing the front line work. We take that team approach to heart when we are recruiting staff. We want to make sure that people who really understand our model will embrace it and will thrive in it. We want people for who it’s going to be a good fit so we pay a lot of attention to that. I
When asked about their organization’s level of performance, executive leaders were in agreement that their organization was performing at a high level. Considering the state of the economy during this study, paid executive leaders often referred to their strong financial standing as evidence of their ability to maintain their performance. One senior executive stated, “We have a robust budgeting process that calculates our capital and operating expenses which enables us to forecast our financial needs far in advance.”

Three organizations had recently experienced a change in leadership. In all three cases, the chief executives believed they were responsible for bringing their organizations to a high level of performance. Through board development and changing the leadership structure, and in some cases changing personnel, all of these newly hired or appointed chief executives felt strongly about their role in helping their organizations perform at a high level.

In the following excerpt, this newly appointed chief executive described the change in her leadership team.

When I became the CEO, we went through some radical, dramatic changes as an organization to shift to the model we have now . . . . I brought in positions when I took over as the CEO. [At that time] we did not have a development staff at all. All of the program directors were responsible for their development. We had a recently retired CFO, so we hired a new CFO [highly credentialed]. She and I worked together very aggressively to change a rapidly declining
organization into one that was stable. As we stabilized the organization, I applied for and received a grant to hire our first development director. We then moved and progressed to hiring a Vice President of Programs. The leadership structure now is CEO, Executive Vice President, Vice President of Resource Development and Marketing, Vice President of Programs, and we are contracting with an individual who was retiring but has moved into a consulting role for us. We have been able to pull all of those key pieces of leadership onto the leadership team. This was a very gradual process because we didn’t have the funding. We were able to accomplish this through grants, changing our funding models, shoring up programs that had been left in decline, shifting the business model, so that we could bring in more fees for service revenue.

Chief Executive, Social Services Organization, 25 years

The chief executive in the following excerpt described her efforts to assist with board development.

What we do is really analyze our board. What are our strengths, what are the areas where we need to grow our strengths, and think about the categories of board members who could grow that strength whether it’s demographic representation, ethnic representation, professional skills, you know relationships in the community. We identify the criterion and then ask the board to think about who they know. We’ll talk to key stakeholders sometimes also and say, “Hey we’re looking for somebody with this kind of talent, can you point me in the right direction?”

Chief Executive, Social Services Organization, 12 years

**Volunteer Board Members**

When asked about the impact their organization made in the community, board members provided similar responses to chief executives by describing the services offered by their organization and the importance of its existence. A few board members cited statistical outcomes as evidence of their organization’s impact, but for the majority of the participants, their responses explained the need for the organization.

The following three excerpts capture the board members’ perspectives.

This organization provides a needed service in the community.

Board Chair, Youth Services Organization, 5 years
Our organization makes a tremendous impact in the community through [the services we provide] . . . . If [the organization] didn’t exist, there would be greater recognition and appreciation for what we do in this community.

Board Member, Social Services Organization, 8 years

The broad impact [this organization] makes serves the most vulnerable population in our community.

Past Chair, Youth Services Organization, 13 years

Similar to the paid executives, when asked about their organization’s level of performance, board members agreed that their organization was performing at a high level. Generally speaking, the board members attributed their organization’s high level of performance to their leadership.

In the following excerpt, the participant described the board’s role in assisting the organization achieve a high level of performance.

One of things that this board has been able to do is leverage passion. The passion of the board [members] and the leadership around the community. It’s really critical. It’s not a distant leadership. We are all very committed to our families and our communities. We express a lot of passion around being a transforming participant in our own environment.

Board Member, Social Services Organization, 11 years

Approximately half of the participants who were volunteer board members acknowledged the staff members’ role in assisting the organization’s achievement in reaching a high level of performance. The following excerpt captures these board members’ perspectives.

It’s a very high performing organization, in fact. Mainly because of the dedication of the staff and the volunteers . . . . So together the staff and the board are at all times working together to keep the organization performing at its highest level.

Board Chair, Youth Serving Organization, 13 years

In summary, both paid executives and volunteer board members agreed their organizations were making a great impact in the community and performing at a high-
Both groups described their organization’s impact through the number of people served, outcome measures, and the longevity of the organization. In addition to using quantitative descriptors, some leaders described their organization’s impact by explaining how the community would be if their organization did not exist. Also, both the paid executives and the board members attributed their strategic planning to help them withstand the economic downturn. Along with financial stability, the executive staff and board members believed the dynamics of the leadership team played an integral role in the organization’s ability to perform at a high level. One board member summed up the relationship among the leaders as “a healthy and collaborative relationship exists between the executive members and the board members.”

The final set of questions addressed the greatest challenges nonprofits face and the leaders’ role in helping the organization overcome those challenges.

**Greatest Challenges as a Nonprofit and Leaders’ Role in Overcoming Challenges**

The final set of questions addressed the greatest challenges nonprofit leaders face and their role in overcoming those challenges. The paid executives were asked about their role, as paid leaders and board members were asked about their role as volunteer leaders. Specifically, the leaders were asked:

- *What are the greatest challenges your organization faces as a nonprofit?*

- *What role do the paid leaders assume in overcoming these challenges?*

- *What role does the board assume in overcoming these challenges?*
Paid Executive Leaders

When asked about their greatest challenges as a nonprofit organization, both the chief executives and senior leaders unequivocally agreed financial resources were their greatest challenge. The chief executives and senior executives also agreed on another great challenge facing their organization, one they attributed to the dire economic climate. They described this challenge as an imbalance in the demand for services and the resources available to meet the needs of the community. The paid executive leaders believed the demand for services had increased dramatically while the availability of resources was shrinking. The paid executive leaders had differing opinions when they identified the third greatest challenge facing their organization. Chief executives identified hiring and maintaining talented staff as their third greatest challenge, whereas senior executives identified operational or service-related problems. The chief executives perceived competition for resources and lack of money for salary increases as a challenge to attract and keep good staff. Senior leaders viewed organizational challenges that related directly to their duties.

The chief executive in the following excerpt described three challenges she perceived as a CEO of a nonprofit organization. She described the financial challenges as well as the issues surrounding the increase in demand for services and workforce challenges.
Money is our biggest challenge. Borrowing from Peter to pay Paul. Every organization does it, and I understand that we’re a lot more fortunate than most. You’ve got a ton of receivables and which ones you are going to pay first and how are you going to meet payroll. In the economy we’ve had in the past two years, we’ve had the perfect storm. Needs increase dramatically and giving goes down because everybody’s hurting. The simple word is money. The biggest challenge I’ve faced as CEO is the enormous workforce challenges. With [the number of] employees and the services that we offer . . . So raising the bar on excellence and customer service and being a national model . . . and understanding that a good chunk of my employees are truly one step away from the people they’re helping is tremendously challenging. It’s a challenge that I did not consider when I took this job. It never dawned on me but I’ve grown tremendously from it . . . [and] it continues to be my biggest challenge.

Chief Executive, Social Services Organization, 2 years

The following excerpt captures the perceptions of the senior executives who described operational challenges facing their organization. This participant described the lack of resources available to assist clients served by her social services organization.

In service delivery the challenges are not enough public housing, subsidized child care, good enough public transportation. These are services that [the people we serve] need to [be successful] and make it on their own. These challenges are not unique to northeast Florida. It’s a challenge all over the country.

Chief Operating Officer, Social Services Organization, 12 years

The final questions posed to the executive leaders addressed their role in overcoming challenges. The paid executive leaders believed the leadership team played an integral role in overcoming challenges. The chief executive in the follow excerpt best captures the general perspectives of both the chief executives and senior executive leaders who believed the organization overcomes challenges via a team approach.

The leadership team plays a huge role in overcoming these challenges. By title I run [the organization] but there are four of us that really run [this organization]. I depend on the whole team and we’re a much stronger organization because of the whole team.

Chief Executive, Social Services Organization, 2 years
**Volunteer Board Members**

When asked about the greatest challenges their organization faced as a nonprofit organization, board members overwhelmingly identified funding as the number one challenge. Other challenges included retaining talented staff, being resilient to the changing needs of society, growth, and image in the community.

The excerpt below captures the perspectives of board members who believed growth and staff retention were challenges their organization needed to overcome.

I think there are two [challenges]. Raising money so that we can make sure we can grow and expand our programs . . . . Also being able to keep the staff because that’s so important to have [talented staff] who can work with the [clients] we serve. We are competing with [other organizations and sectors] to retain the staff we have because [our organization] doesn’t have a lot of the programs that [our staff] could get elsewhere . . . . So those are things that are challenges . . . .

Board Chair, Youth Services Organization, 5 years

The board member’s description in the next excerpt represents the perspectives of those board members who believed the challenges were resilient programs and resource development.

There are two challenges I see for our organization. From a programmatic standpoint, remaining relevant. There are numerous opportunities [for the constituents] we serve so our challenge is to stay relevant in this fast-changing World . . . . The other challenge that I see as major is fund development and diversification of funds. No organization can function without the resources to do so, and in these times it is challenging for individuals and organizations to give of their resources to something else . . . . It is something that I often think about because a substantial portion of our budget comes from [one funding source]. And, that substantial portion of our budget is not entirely in our control. So, if something happens with [this funding source] in [another state] it impacts us. That’s why I want us to begin to diversify our funding so that we are less reliant on just one resource.

Board President, Youth Services Organization, 10 years

When asked about the board members’ role in overcoming these challenges, their responses were overwhelmingly focused on resource development, raising community
awareness, and growth of the organization. The board chair in the excerpt below described the board’s role as fundraising, advocacy, and making personal financial contributions to assist the organization in overcoming challenges.

The board members are responsible to help with the fundraising event by introducing people to [the organization] and the work we do. The board members also help by making contacts in the community who can help move the organization forward . . . . Others help by buying gifts for [the clients we serve] during the holidays. The board helps in different ways, and I think that all of the members give what they can, based on their ability.

Board Chair, Youth Services Organization, 5 years

The board president in the next excerpt captured the perspectives of the board members who described the board’s role as raising the community’s awareness of the organization and resource development.

Our job is to craft a message to [our constituents] and the community, a message about the importance of our organization. It is also incumbent upon us to ensure that the resources are put into place in order for the organization to move forward. If that means having to ask or meet with a donor or write a grant or proofread a grant, that’s the role we have to play. And that is an important one. Once we receive the support we’ve requested, we as a board have to guard that wisely. We have to make sure we are using that resource in the best means possible and getting the maximum value from that.

Board President, Youth Services Organization, 10 years

In summary, both executive leaders and board members generally agreed in identifying the greatest challenges that nonprofit organizations face. Both groups most often cited financial challenges such as fundraising, becoming less reliant on government funding, and developing sustainable funding streams. The second greatest challenge executives and board members cited were identifying and maintaining talented staff. Unlike the paid executives, board members also noted raising awareness in the community and managing growth were challenges for their organizations.
To overcome these challenges, both the executives and board members recognized their role as paid and volunteer leaders and believed working together in a collaborative manner was the best solution. They believed their responsibilities should include acquiring resources, including donations, volunteers, and talented staff and board members. Additionally, both the executives and board members cited raising awareness and advocacy as roles they must assume to assist the organization in overcoming challenges. There were a few executive leaders who, in their responses, also included the importance of educating the board. They believed helping the board members understand the needs of the organization would be integral to their role in overcoming challenges.

**Leadership Characteristics and Practices of High-Performing Nonprofits in Northeast Florida**

The purpose of this research was to examine the nonprofit sector in northeast Florida to describe the state of the sector, identify a sample of high-performing organizations, and to explore the relationship between paid executives and volunteer board members who lead high-performing nonprofits. The conceptual framework was comprised of literature on the nonprofit and private sectors focusing on high-performing organizations. Four primary sources were used, including *Profiles for Excellence* (1991) by E.B. Knauft, Renee A. Berger, and Sandra T. Gray; *Good to Great* (2001) and *Good to Great and the Social Sectors: A Monograph to Accompany Good to Great* (2005) both by Jim Collins; and *Forces for Good: The Six Practices of High-Impact Nonprofits* (2007) by Leslie A. Crutchfield and Heather McLeod Grant.
Six Leadership Characteristics and Practices

The interviews with nonprofit leaders resulted in nine leadership characteristics and practices being identified. Of those, six characteristics and practices were consistent with the common characteristics identified in the conceptual framework in Table 2 in Chapter 2 of this study. Each of these characteristics and practices are discussed below followed by the three additional findings that were unique to high-performing organizations in northeast Florida.

1. Adapting to the Needs of the Constituents and the Community

Paid executives and volunteer board members identify the changing needs of the constituents and community and adjust programs and services to meet these demands. This characteristic and practice is consistent with the common characteristic identified by the literature as adaptation (Collins, 2005; Crutchfield & Grant, 2007; Knauft, et al., 1991).

2. Advocacy

Nonprofit leaders of high-performing organizations actively promote their organization's mission by raising awareness in the community. Paid executives leaders and volunteer board members advocate zealously to policy decision-makers to oppose adverse policies, budget cuts, and decisions. Advocacy is consistent with the common characteristic identified by the literature as mission and service (Collins, 2001, 2005; Crutchfield & Grant, 2007; Knauft et al., 1991).

3. Communication

In high-performing organizations, communication flows easily and regularly among the nonprofit leaders. Figure 9 illustrates the communication flow among
nonprofit leaders. Chief executives are the cornerstone to communication within high-performing nonprofits. By their position, they naturally have the ability to reach every group including the board, community, various levels of government, senior leaders, middle managers, and staff. As stated earlier, senior leaders tend to communicate regularly with chief executives, middle managers, and staff but have limited interactions with board members, the community, and government. Due to the nature of their position, not all senior executives communicate with the board, community, and government as indicated by a dashed line in the figure. Conversely, volunteer board members frequently communicate with chief executives, the community and multiple levels of government. Middle managers and staff generally communicate with senior leaders and chief executives.
While the overarching idea of this characteristic is consistent with the common characteristic identified by the literature as strong leadership (Collins, 2001, 2005; Crutchfield & Grant, 2007; Knauf et al., 1991), the figure above illustrates a flow of communication with the chief executive as the central point, which differs from the earlier research. This concept of the chief executive being the pivotal point for communication was discovered during the data analysis of high-performing organizations in northeast Florida.

*Figure 9. Communication between nonprofit leaders in high-performing organizations.*
4. Garnering Resources

Nonprofit leaders take an active role in fundraising to acquire monetary donations and in-kind donations of goods and services. Paid executives and volunteer board members identify prospective partnerships with corporations and foundations. Nonprofit leaders identify prospective volunteers who are passionate about the mission and have a desire to help advance the organization. Nonprofit leaders hire and maintain talented staff who are mission-driven. This characteristic and practice is consistent with the common characteristic identified by the literature as mobilization of resources (Collins, 2001, 2005; Crutchfield & Grant, 2007; Knauf et al., 1991).

5. Defined Roles and Responsibilities for Paid Executive Leaders and Volunteer Board Members

Clear expectations of all nonprofit leaders are documented and accessible to all paid staff and volunteers. Additional training and ongoing education is provided in order to maintain established duties among the leadership. The common characteristic this is best associated with is strong leadership (Collins, 2001, 2005; Crutchfield & Grant, 2007; Knauf et al., 1991).

6. Shared Leadership

The paid executives and volunteer board members collaborate to effectively plan and guide the organization through opportunities that enable growth and program changes and challenges such as turbulent economic times, policy changes, and turnover in workforce. Chief executives identify, groom, and promote talented staff to leadership positions on the senior leadership level in order to have the right staff in positions who can effectively lead others and carryout the strategic plan established by the board.
Similar to establishing defined roles and responsibilities and communication, this characteristic and practice of shared leadership is consistent with the common characteristic identified by the literature as strong leadership (Collins, 2001, 2005; Crutchfield & Grant, 2007; Knauft et al., 1991).

**Three Additional Findings**

In addition to these common characteristics and practices, I identified three additional findings. Described separately, these additional findings are unlike the leadership characteristics and practices listed above because they were not identified as a common characteristic in the conceptual framework.

1. **Realigning Board Members’ Efforts**

   Paid executives are shifting the board’s focus from program involvement to strictly governance, fundraising, advocacy, and fiscal management. In three of the 10 organizations that participated in this study, chief executives and senior leaders spoke candidly about the struggles of maintaining a clear line of responsibilities between program involvement and what they believed the board’s role to be in providing governance, fundraising, advocacy, and fiscal management. In all three cases, however, the chief executives were adamant about redefining the board members’ role to limit their involvement in the day to day operations of the organization and focus more heavily on the broader issues identified above. Although the board members’ responsibilities will be realigned to focus on governance, fundraising, advocacy, and fiscal oversight, they must still have an understanding of the intricacies of the program and services provided by the organization. This shift of the boards’ efforts will require its members to maintain a
delicate balance between possessing a true understanding of the program and services without interfering in the day-to-day operations of the organization.

2. Defining Impact

To better define their impact, leaders are moving to models that capture quantitative measures. This is difficult because nonprofits are not companies manufacturing objects. Rather, the goal of these organizations is more qualitative in nature: to change lives and improve communities. This makes capturing data on these results problematic. However, in this age of accountability and transparency, leaders of high-performing organizations are meeting the challenge of identifying quantitative measures for qualitative goals by purchasing software to track program outcomes and by hiring staff with the knowledge and abilities to gather, analyze, and report data.

3. Diversifying Funding Sources

Those interviewed described a greater emphasis on fundraising in order to diversify funding streams and become less reliant on one primary funding source. Leaders of high-performing organizations are approaching resource development by establishing strategic plans to garner resources that enable them to expand their funding sources beyond government funding to include individuals, foundations, corporations, special events, and direct mail. Additionally, paid executives and volunteer board members are utilizing staff and volunteers to help identify prospective donors. Contrary to the hype surrounding fundraising through social media, leaders in this study did not report using online resources to increase their fundraising efforts.
Validation of the Findings

In Phase 4 of this study, four elite informants agreed to review the findings of the research and provide their expert opinions regarding the results. The purpose of this phase was to refine the findings and provide a better understanding of the implications of the findings for other nonprofits organizations in northeast Florida. The participants were contacted by phone and then sent the findings by e-mail. The field experts reviewed the findings and interviews were conducted. Their responses are included below. To ensure their anonymity, the field experts were identified by alpha-numeric codes.

The field experts agreed that the findings were consistent with their understanding of leadership characteristics and practices of high-performing organizations in northeast Florida. The consensus among the elite informants is best captured by Elite Informant, A1 who said, “. . . the findings resonate with the nonprofit leaders I work with.” Their recommendations for the implications on the sector were wide-ranging as described below.

When asked what the implications of this study would have on future research, two of the elite informants questioned whether or not the findings may have been impacted by the economic recession. They suggested future studies focused on nonprofit leaders of high-performing organizations conducted in a stronger economy may have different findings. Their sentiments are best summarized by elite informant, A4.

. . . I wonder if the findings were impacted by the current economic times – the great recession. Leadership characteristics found in your study may be different from studies conducted years from now.

Elite Informant, A4

When asked about realigning the board members’ efforts, the field experts were divided in their opinions. Two of the board members agreed with the findings, and two
others believed that board members played a deeper role as evident by their responses below.

. . . there is a distinction among nonprofits that are younger and more grassroots in which board members are much more involved in whatever activity the nonprofit does including program operations…

Elite Informant, A3

Determining strategic direction is a key function of a board . . . garnering financial resources--and of course the dollars are surely important, however their role and responsibilities in the organization requires answering the question “Where do we want to be in 10 years and how are we going to get there?” . . . . It includes not only finances but direct results, building and reaffirming values, building leadership for the future, providing the vision and the how-to. A more involved role in the organization.

Elite Informant, A2

When asked about diversifying funding sources, the elite informants agreed with the findings. One elite informant added that organizations may “hire outside fundraising consultants especially for capital campaigns.”

Chapter Summary

The premise of this study was that nonprofit organizations are dependent upon volunteer and paid leaders to not only help the organization survive but also to thrive. Thus, the leaders’ role is critically important to an organization’s success or demise. Focusing on a sample of high-performing organizations in northeast Florida, I interviewed 37 leaders from various social services and youth-serving nonprofits. The qualitative data resulted in the identification of nine leadership characteristics and practices. In short, leaders must advocate on behalf of their organization, bring resources into the organization, adapt to the needs of the community and their constituents, demonstrate shared leadership by working in a collaborative manner, have clearly defined
roles and responsibilities, communicate openly and regularly, realign board members’
efforts, identify measures for defining their organization’s impact, and establish
diversified funding sources.

The final chapter presents the conclusions, limitations of this study,
recommendations for future research, and address the research questions:

- What is the current state of the nonprofit sector in northeast Florida?
- Do people with an elite perspective on nonprofit organizations in northeast
  Florida agree in their identification of high-performing nonprofits?
- What are the leadership characteristics and practices in northeast Florida’s
  high-performing organizations?
CHAPTER 5

Conclusion

Northeast Florida’s nonprofits are ever more important as they meet the growing needs of the community in this depressed economic climate. Since 2008, nonprofits have struggled to meet the increase in demand for services with leaner budgets and dwindling resources. This gross imbalance between the demands for services coupled with a lack of resources has forced organizational leaders to stretch their resources in order to solve this dilemma of how to do more with less. As a result, some nonprofits successfully adapted while others were forced to close.

As a chief provider of human services, healthcare, education, arts, and culture, nonprofits give relief to the poor and sick, inspire personal growth, provide a voice for those who cannot speak, and foster a sense of connectedness through community engagement. Through its existence, this sector is not only important to the quality of life for the constituents who benefit from the services offered by these organizations but also for the community as a whole. It is the nonprofit sector that fills the void between the services offered by the private sector and those offered by the government. Therefore, understanding these nonprofits and their leadership is critical for helping the sector remain a strong force in this region.

The key assumption of this study was supported by the conceptual framework that nonprofit leaders are responsible for helping organizations achieve a high level of performance and sustain their organizations through challenges such as economic...
fluctuations, changes in leadership, shrinking resources, increases in the demand for services, and policy implications. As explained earlier, nonprofit leadership consists of two distinct bodies, a volunteer board and paid executives who work together in a collaborative manner to help organizations fulfill their missions (Collins, 2005; Crutchfield & Grant, 2007; Knauf et al., 1991).

This mixed-method study examined the nonprofit sector in northeast Florida and sought to identify leadership characteristics and practices of high-performing organizations. A representative sample of 15 organizations was identified using field experts with extensive knowledge of the sector. Paid executives leaders and volunteer board members from the sample of organizations were invited to participate in the study.

The research was guided by the following questions:

1. What is the current state of the nonprofit sector in northeast Florida?
2. Do people with an elite perspective of nonprofits in northeast Florida agree in their identification of high-performing organizations?
3. What are the leadership characteristics and practices in northeast Florida’s high-performing organizations?

As the conclusion for this study, this chapter provides a description of the findings, identifies major conclusions of the study, limitations, and recommendations for practice and future research.

**Summary of the Study**

This study was conducted using both quantitative and qualitative methods to investigate the nonprofit sector in northeast Florida and specifically the leadership
characteristics and practices of high-performing organizations. By utilizing a mixed-method design, I was able to build upon “the strengths of both quantitative and qualitative data” (Creswell, 2005, p. 510). The quantitative component allowed me to analyze a large amount of demographic information to describe the financial strength and number of people who are associated with the nonprofits included in the sample. The qualitative component allowed me to provide rich descriptions from a broad spectrum of nonprofit leaders’ perspectives, thereby creating a more complete picture of the sector from an insider’s point of view. These two components together provided a deeper understanding of the nonprofit sector and its leadership in northeast Florida’s high-performing organizations.

Results of the Study

The study was conducted in four phases. In Phase 1 of the study, I examined a sample of prospective high-performing organizations to better understand the state of the nonprofit sector in northeast Florida. Using nonprofits’ tax returns, Form 990, quantitative data were collected on a sample of organizations. The sample included organizations that were members of the Nonprofit Center of Northeast Florida and other high-profile nonprofits. To ensure a representative sample of organizations was generated, additional criteria were created including the following five categories:

- A registered charitable organization that is not a religious congregation, institution of higher education, or healthcare organization;
- A minimum budget of $150,000;
- No less than three years of service;
• Tax return, Form 990, filed in the last three years; and,
• Geographically located within the Metropolitan Statistical Area of Jacksonville, Florida.

In Phase 2 of the study, interviews were conducted with people who, based on their experience and knowledge, had an elite perspective of the nonprofit sector in northeast Florida. Their expertise came from working with nonprofits in many capacities such as funders, community leaders, researchers, and service providers. Incorporating such field experts provided a broader perspective about the sector. The interviews with the elite informants resulted in 15 high-performing organizations being identified.

Phase 3 of this study consisted of selecting 10 nonprofits from the sample of 15 high-performing organizations identified in Phase 2 and interviewing at least two leaders from each agency. The leaders were selected from both the paid executives and volunteer board members. The interviews were recorded and transcribed to determine common leadership characteristics and practices of northeast Florida’s high-performing organizations.

In Phase 4 of this study, the elite informants from Phase 2 were invited to provide feedback on the results of the data analysis. Of the six respondents who participated in Phase 2, four individuals were available to provide feedback on this study’s findings. The field experts added to the discussion by supporting the analysis and providing suggestions for future research.

The first three phases of this study answered the three research questions identified in the next section.
Research Questions

Question 1: What is the current state of the nonprofit sector in northeast Florida?

Data were collected on 108 nonprofit organizations located in the Jacksonville MSA using Tax Form 990 filed in 2007 and 2008, the most recent information available at the time of this study. As high-profile organizations and, in most cases, members of the Nonprofit Center of Northeast Florida, these organizations were prospective high-performing nonprofits. These robust organizations reported average revenues of $6,034,898 with more than 63% of them reporting more than $1,000,000 in annual revenues. Their average expenditures were $5,273,920 with average assets of $5,808,024. While not all of the organizations reported their number of board members, of those that did, more than half of them (52%) identified large boards of 15 or more members. At the time of the data collection, the IRS required nonprofits to report the compensation of the highest paid employees who earned annual salaries of more than $50,000. Of the 108 organizations that identified paid staff who were paid $50,000 or more annually, 52% reported between two and 11 paid staff members. Fewer than one in five (19%) reported no paid staff at that salary level. The service areas provided by these organizations spanned across a broad spectrum and included social services, youth-serving, cultural, healthcare, education, advocacy, nonprofit support, animals, and environmental services.
Question 2: Do people with an elite perspective of nonprofit organizations in northeast Florida agree in their identification of high-performing nonprofits?

Six field experts with extensive knowledge about the nonprofit sector in northeast Florida were asked to participate in this study to help identify high-performing organizations in the Jacksonville region. These experts were interviewed independently of one another. After the interviews were conducted, the data were analyzed and a consensus among the elite informants was reached. As a result, 15 high-performing organizations were identified. Similar to the 108 nonprofits in Phase 1, these 15 high-performing organizations were a formidable economic force with large boards. The average revenues reported in 2007 and 2008 on Form 990 were $18,543,794, with average expenditures of $16,147,268, and average assets of $11,002,457. More than 70% of these 15 organizations had large boards with 16 or more members. Unlike the broad range of service areas covered by the 108 organizations in Phase 1, these 15 nonprofits covered only three service areas: social services, youth-serving, and nonprofit support.

Question 3: What are the leadership characteristics and practices of northeast Florida’s high-performing nonprofit organizations?

Nine leadership characteristics and practices of high-performing nonprofits in northeast Florida were identified by this study. Of the nine findings, six were consistent with common characteristics identified by the conceptual framework. These characteristics and practices include:

1. Advocacy
2. Garnering resources
3. Adapting to the needs of the constituents and the community

4. Shared leadership

5. Defined roles and responsibilities of paid executive leaders and volunteer board members

6. Communication

In addition to identifying characteristics that were similar to those identified by scholarly research, three additional characteristics were observed. These were referred to as “additional findings” in Chapter 4. These findings include:

7. Realigning board members’ efforts

8. Defining impact

9. Diversifying funding sources

The findings of this mixed-method study provided a broader perspective on the nonprofit sector in northeast Florida. The quantitative component of this study provided a landscape of the sector by describing the economic strength of organizations in the northeast Florida region. The qualitative component of this study identified a representative sample of high-performing organizations and characteristics and practices of its leadership. Adding to our understanding of the nonprofit sector in northeast Florida, this study led to four major conclusions as discussed in the next section.

**Major Conclusions of the Study**

Varying by size, mission, and service area, the nonprofit sector in northeast Florida is alive and well. Led by volunteer board members and paid executives, these organizations play a crucial role in the quality of life of the community. As stated earlier
in this study, nonprofits build communities by connecting people through the services they provide to those who are disadvantaged and underserved in the community. They also provide value to the community through civic involvement and employment. Because of its significant role, it is important to monitor and understand the well-being of the nonprofit sector in order to maintain not only the vitality of the nonprofit sector but also the welfare of the communities which it serves.

Although this study focused only on high-performing organizations in northeast Florida, it adds to understanding the nonprofit sector and its leaders. The results of the data analysis provide a broad understanding of the sector and identified leadership characteristics and practices that underscored the importance of a collaborative relationship between volunteer board members and paid executives. From those findings, there were four major conclusions of this study.

The first major conclusion of this study is that for nonprofits to be truly effective and achieve greatness, they must rely upon the leaders of the organization. The nonprofit leadership structure is quite unique as it consists of volunteer leaders (board members) and paid executives who must work together for the sake of the organization. The leadership is also unique because of the diverse viewpoints each group brings to the organization. The board, for example, may consist of attorneys, accountants, community leaders, philanthropists, and corporate CEOs. Their professional experiences and knowledge generally bring a corporate expertise and government perspective to the organization. Conversely, the paid executives generally possess knowledge in a specific area such as finance, program operations, or fundraising, and their view is from a nonprofit perspective. Bringing these two groups together as a collaborative leadership
team can be difficult because of their differing perspectives. Their contrasting views may even affect their perceptions regarding the operations of a nonprofit organization. Thus, as the organization is dependent upon its leaders to be effective and great, it is even more amazing that organizations succeed considering their unique leadership structure.

The second major conclusion of this study was that chief executives created deep connections between the organization and board members and staff. By cultivating relationships with the board and staff, chief executives were able to inspire them to feel as though carrying out the organization’s mission was a partnership and every member of the leadership team had a vested interest as a stakeholder. The chief executives’ belief and passion in the mission was so contagious and infectious that others easily joined them as partners. Thus the collaboration among the leaders enabled their organization to not only thrive and achieve a high level of performance but also withstand the grave challenges that nonprofits encounter.

The third major conclusion of this study was the unyielding commitment of the board to ensure their organization was performing at a high level. The board members who participated in this study were genuinely passionate about their organization’s mission and their investment in its performance. In addition to giving their time, talent, and treasures, board members whole heartedly believed in the chief executive’s ability to oversee the organization. They were also realistic about the expectations of the chief executive and provided significant support to ensure her or his success. It was evident that the board members admired and respected the overwhelming responsibility of the chief executive and understood the need to share the duties.
The fourth major conclusion of this study was the resiliency of the leaders in northeast Florida’s high-performing organizations. As evident by this research, nonprofit organizations are operating in ever-changing environments that pose internal and external challenges. Economic fluctuations, policy changes, availability of resources, awareness in the community, changes in leadership, and growth were just some of the challenges identified by the participants. These participants described the state of the nonprofit sector as being faced with multiple challenges simultaneously which created an environment where the leaders are forced to react to the demands instead of being able to strategically plan ahead. To compound the situation further, the decisions made by the leaders consequently caused changes in the organization, whether through changes in leadership, turnover in staff or volunteers, reducing or expanding programs and services, or developing new policies and procedures. This ever-changing environment required the leaders to be resilient in order to help their organization adapt and sustain their operations.

Leaders of high-performing organizations in northeast Florida also exhibited great resiliency by their dedication to continue leading despite the extreme demands placed on them during the economic recession. The courage these leaders exhibited to continue to lead in spite of these challenges contradicts studies of the attrition rates for chief executives. Since 2001, CompassPoint Nonprofit Services and the Meyer Foundation have conducted three national studies of nonprofit leaders. The results of all three studies warn of a dire situation caused by the mass exodus of leaders from the sector due to their frustration over unstable financial resources, low-performing boards, and the inability to balance their home and work demands (Bell et al., 2006; Cornelius, Moyers, & Bell,
2011; Peters & Wolfred, 2001). With their long tenure of service and dedication, the chief executives in this study appear to be much more resilient.

The findings of this study provide a new perspective of the nonprofit sector in northeast Florida. By describing the current state of the sector and examining the leadership of a sample of high-performing organizations, this study provides a better understanding of the challenges nonprofits face and the leaders’ resiliency to recover and move forward. Additionally, this study identified nine leadership characteristics and practices of high-performing organizations in northeast Florida which is beneficial to nonprofit practitioners, researchers, and others interested in the sector. While this provides useful information, there were several limitations that must be noted.

**Limitations of the Study**

This study was limited in scope by its geographic location. Focusing on nonprofit organizations in northeast Florida, this study was bound to those organizations located in the Jacksonville Metropolitan Statistical Area (MSA), a 5-county region including Baker, Clay, Duval, Nassau, and St. Johns.

In addition to its geographic limitations, this study was limited to the role and responsibilities of leaders whose organizations were performing at a high level. Within the leadership, this research examined the relationship between paid executives and volunteer board members. The relationship dynamics within each group were not investigated as part of this study. The relationships among paid executives as a group and the relationships among the members on the board could further explain the leaders’ abilities to successfully lead an organization.
Another limitation of this study was the narrow range of service areas represented in the sample of the nonprofit participants. As stated earlier, only two service areas were identified in the sample of 10 high-performing organizations. The nonprofit sector in northeast Florida offers a much broader range of services including social services, youth services, culture, healthcare, education, advocacy, nonprofit support, animals, and the environment. The narrow range of service areas in the sample of nonprofit organizations participating in the research may have affected this study’s findings.

As suggested by one of the elite informants, this study may also have been limited by the economic climate that existed when the data were collected. In 2009, when interviews with nonprofit leaders began, the United States was in a recession, which, according to the National Bureau of Economic Research, began in December 2007 (NBER, 2008). The state of the economy could have influenced the participants’ views regarding challenges facing their organizations. Thus, the leadership characteristics and practices identified in this study may have been different if data were collected during a strong economy.

This study may have also been limited by the identification process for board members who were selected to participate in this research. As described in the methodology, chief executives identified which members of the board would be identified as prospective participants in this study. All of the board members who were identified by the chief executives participated in this research. This selection process may have been biased because the board members’ opinions may have been favored to the chief executives who identified them for participation in this study.
An additional limitation of this study may have been posed by the elite informants who helped identify high-performing organizations in northeast Florida. Through their extensive work with nonprofits and the sector as a whole, the elite informants possess a true understanding of charitable organizations in the Jacksonville region. Thus, this knowledge distinguishes them as experts. While this credibility is important to the use of elite informants in this study, it may have also posed a limitation by these experts possessing an idiosyncratic perspective on the nonprofit sector in northeast Florida.

Finally, the characteristics for identifying high-performing organizations were modeled after scholarly research (Table 2) which were shared with the field experts during the interviews in Phase 2. I was interested in studying organizations that were mission-driven, operating well, with strong leadership, adaptable, and financially sound. These criteria address performance but do not evaluate the impact of the organization. Criteria for high-performing organizations and criteria for high-impact are not the same. High-performing refers to those organizations whose efforts are directly observed and are agile, fiscally stable, with resilient leadership. By contrast, high-impact organizations’ efforts are observed in retrospect once the nonprofit has been sustained over a long period of time and has made positive social change.

Although this study was limited by geographic boundaries, scope, service area, economic climate, and characteristics for identifying high-performing organizations, the findings are still useful for practitioners and researchers of the nonprofit sector.
Implications for Practice and Recommendations for Future Research

This study’s findings are relevant for those working in the sector, donors, policymakers, and researchers. Nonprofit leaders whose organizations are struggling to overcome challenges may use this study as a resource to improve their strategies and practice thereby improving their organization’s performance. Also, the characteristics and practices identified by this study will allow leaders to reflect on their current practices and identify areas for improvement and learn new strategies to implement in their organization. Researchers may use this study to further examine the nonprofit sector and compare findings to better understand the organizations and their leadership.

Implications for Practice

The three additional findings identified by this study are especially important for nonprofit leaders in northeast Florida. As organizations move forward and continue to combat challenges within the sector, these findings have implications for both board members and paid executives. For instance, as board members’ efforts are realigned to focus more specifically on governance, fundraising, advocacy, and financial oversight, some board members may resign. For those members who remain on the board, additional training will be necessary as specific skills and knowledge are essential to carrying out the new duties. Additionally, the criteria used to identify and select new members will likely change as prospective members who possess talents and skills in those areas will be selected to serve.

Another implication of this study for nonprofit leaders focuses on the need to define organizational impact. As nonprofits move toward defining their impact through
quantitative measures, nonprofit leaders will have to become more knowledgeable about data collection and analysis. They will need to have a general understanding of how to measure their programs and services in order to explain how their organization is making an impact.

Finally, nonprofit leaders will have to move beyond their reliance on government funding and diversify their financial resources by becoming more strategic in identifying funding sources. These sources may include fee-based services and receiving monetary gifts from individuals, corporations, and foundations. These implications will also affect training for nonprofit leaders and the identification and selection of future leaders, whether they are board members or paid executives.

**Recommendations for Future Research**

Although this study adds to our understanding of the nonprofit sector in northeast Florida, additional research is still needed. The findings and limitations of this study may act as a catalyst for future research.

Future studies focusing on leadership in the nonprofit sector in northeast Florida could examine the relationship dynamics among the two groups of leaders, the paid executives and volunteer board members. Studies that examine the relationship dynamics among these two groups would provide a better understanding of each group’s inner-connections and their strengths and challenges in advancing an organization to achieve a higher level of performance.

Additional research is also needed to represent a more diverse sample of organizations by service area. As noted earlier, the service areas of nonprofits in
northeast Florida are broad and vary widely. The organizations included in this study, however, did not represent a wide range of service areas. Thus, future researchers could identify a sample of organizations to better represent the wide-ranging spectrum of the sector.

Using this study’s findings to compare to findings of future research is also recommended. For example, the results from a retrospective study conducted on high-impact nonprofit organizations in northeast Florida could be compared to this study’s findings which only examined high-performing organizations. A different study could examine leaders from nonprofit organizations struggling to perform and its findings could be contrasted to this study’s leadership characteristics of high-performing organizations. A comparison of such studies would increase our understanding of the high-achieving organizations in the Jacksonville region.

In addition to being limited in scope to the leaders’ role and responsibilities, this study was also bound by geographic locations. Because this study only examined the nonprofits located in the Jacksonville MSA, organizations that were not within this five-county region were not included in the study. A comparison of findings from studies conducted in other geographic regions to the findings of this study would provide a framework for better understanding the sector.

As stated earlier, this study adds to our existing knowledge of the nonprofit sector in northeast Florida. The implications for practice and recommendations for research highlight areas that are useful to others who work in the sector or who are interested in learning more about nonprofits and their leaders. The need to monitor the sector and continue conducting research that helps us better understand the leadership and vitality of
the organizations in northeast Florida is ever-more important as nonprofits attempt to meet the pressing demands placed upon them.

**Conclusion**

Leading a nonprofit organization is not easy. The demands placed upon this sector create barriers to an organization’s success. Because organizations are dependent upon leaders, understanding leadership is essential to not only helping nonprofits survive but also helping the entire sector thrive. This study’s findings propose leaders must be resilient in order to remain steadfast in their pursuit of helping to not only sustain their organization but also move their organization forward to achieve a high level of performance. For that reason, the composition of both the board of directors and paid executives is important.

The knowledge and talents that each member of the leadership team brings to the organization can be very diverse. Thus matching each leader’s talents with the needs of the organization and existing leadership team is critical to success. In other words, hiring paid executives to fill a position goes beyond their highly specialized knowledge to meet the job requirements. It is also important to ensure that these newcomers have the qualities that complement the existing leaders.

Similarly, the board of directors must select members who bring complementary talents and knowledge to the group. Ideally, the composition of the board represents a diverse set of qualities including but not limited to political capital, intellectual capital, and economic capital. A balance within these qualities is desirable to ensure a well-rounded group. Members who bring political capital have influence in the community to
help create partnerships with individuals, corporations, and foundations. Those members with intellectual capital bring their knowledge to the organization. Finally, members with economic capital bring resources into the organization. Resources include personal monetary gifts, services, and in-kind donations. Any one board member could fit within all three of these categories; however, it is unlikely that all board members will possess all of these qualities equally. Therefore, when looking for prospective board members, instead of seeking a board member who possesses strong characteristics in all three areas, leaders should focus on identifying the strengths of current board members and identifying the gaps in their talents and then match those to the strengths of board prospects.

In summary, while paid executives and volunteer board members possess a broad spectrum of qualities, as this study suggests, it is the collaboration of the leaders that defines those leadership characteristics and practices that enable organizations to reach a high level of performance and overcome the challenges posed by the nonprofit sector.
Appendices

Appendix A

Project: High-Performing Nonprofit Organizations in Northeast Florida
Interview Guide for Elite Perspectives

Time of Interview: Interviewer:
Date: Interviewee:
Place: Position of Interviewee:

[Describe here the project, telling the interviewee about the (a) purpose of the study, (b) individuals and sources of data being collected, (c) what will be done with the data to protect the confidentiality of the interviewee, and (d) how long the interview will take.]

[This is an informal interview notes will be taken but not recorded.]

Topics:

1. Tell me about the nonprofit sector in northeast Florida.
2. Thinking about organizations in NE Florida, I would like you to consider 4 characteristics the scholarly literature suggests represent high-performing organizations. The characteristics are:
   • strong leadership;
   • focused mission and service;
   • ability to adapt to changing environments; and,
   • mobilization of resources
3. Using those characteristics I would like you to identify as many high-performing nonprofit organizations in northeast Florida as you can within the 5-county region Baker, Clay, Duval, Nassau, and St. Johns counties.
4. Of these organizations, which ones have interesting leadership relationships?
5. What are the greatest challenges nonprofits in NE Florida face?
6. Tell me about _____ organization and its accountability. (repeat questions as necessary with each organization identified)
7. Tell me about _____ organization and its history. (repeat questions as necessary with each organization identified)

[Thank the individuals for their cooperation and participation in this interview. Assure them of the confidentiality of the responses and the potential for future interviews.]
Appendix B

Project: High-Performing Nonprofit Organizations in Northeast Florida
Interview Guide for Board Members

Time of Interview: 
Date: 
Place: 
Interviewer: 
Interviewee: 
Position of Interviewee: 

[Describe here the project, telling the interviewee about the (a) purpose of the study, (b) individuals and sources of data being collected, (c) what will be done with the data to protect the confidentiality of the interviewee, and (d) how long the interview will take.] [Have interviewee read and sign the consent form.] [Turn on tape recorder and test it.]

Questions:

1. How long have you been with ____ organization?
2. Have you always held the current position?
3. What is your role on the board?
4. What are your responsibilities as ____?
5. Are the roles and responsibilities for board members documented in the organization’s policies and procedures or in any other organizational document?
6. Are the board members told their roles and responsibilities at orientation?
7. What is your relationship with the executive director? Or How much do you interact with the executive director?
8. Does someone in your position generally interact a lot with the executive director? (may not apply if interviewing the board president)
9. What other members of the board interact with the executive director on a regular basis? (use this question if interviewing the board president)
10. Do you interact with other members of the leadership team?
11. If so, what positions of the leadership team do you interact with?
12. Tell me about the impact your organization makes in the community?
13. How do you describe the level of performance of your organization?
14. Tell me about the greatest challenges your organization faces as a nonprofit? (may need to probe using fiscal stability, accountability, fundraising, image in the community, growth)
15. What role does the board assume in overcoming these challenges?
16. What should I have asked you that I didn’t think to ask?

[Thank the individuals for their cooperation and participation in this interview. Assure them of the confidentiality of the responses and the potential for future interviews.]
Appendix C

Project: High-Performing Nonprofit Organizations in Northeast Florida
Interview Guide for Executive Leaders

Time of Interview: 
Date: 
Place: 
Interviewer: 
Interviewee: 
Position of Interviewee: 

[Describe here the project, telling the interviewee about the (a) purpose of the study, (b) individuals and sources of data being collected, (c) what will be done with the data to protect the confidentiality of the interviewee, and (d) how long the interview will take.] 
[Have interviewee read and sign the consent form.] [Turn on tape recorder and test it.]

Questions:

1. How long have you been with ____ organization?
2. Have you always held the current position?
3. What is your role in the organization?
4. What are your responsibilities as ____?
5. Are your roles and responsibilities documented in the organization’s policies and procedures or in any other organizational document?
6. What is your relationship with the board of directors? Or How much do you interact with the board?
7. Does someone in your position generally interact a lot with the board? (may not apply if interviewing the executive director)
8. What other members of the leadership team interact with the board on a regular basis? (use this question if interviewing the executive director)
9. Are the roles and responsibilities for board members documented in the organization’s policies and procedures?
10. Do you believe the board members know their roles and responsibilities?
11. Are board members given a formal orientation?
12. Are the board members told their roles and responsibilities at orientation?
13. Tell me about the impact your organization makes in the community?
14. How do you describe the level of performance of your organization?
15. Tell me about the greatest challenges your organization faces as a nonprofit?
   (may need to probe using fiscal stability, accountability, fundraising, image in the community, growth)
16. What role does the leadership team assume in overcoming these challenges?
17. What should I have asked you that I didn’t think to ask?

[Thank the individuals for their cooperation and participation in this interview. Assure them of the confidentiality of the responses and the potential for future interviews.]
MEMORANDUM

DATE: June 22, 2009

TO: Ms. Janie Smalley

VIA: Dr. Katherine Kasten
     Dept. LCIT

FROM: Dr. Christopher Leone, Interim Chair,
      UNF Institutional Review Board

RE: Review by the UNF Institutional Review Board IRB#09-047:
    "Leadership Characteristics and Practices of Northeast Florida’s High-Performing Nonprofit
    Organizations"

This is to advise you that your project, “Leadership Characteristics and Practices of Northeast Florida’s High-Performing Nonprofit Organizations,” has undergone “expedited, category #7” review on behalf of the UNF Institutional Review Board and is approved.

As you may know, your CITI Course Completion Report is valid for 3 years. Your completion report is valid through 07/10/10. If your completion report expires soon, or has expired, please take CITI’s refresher course. We will receive an automatic updating informing us of your completion of their refresher course.

Your study has been approved for a period of 12 months. If your project continues for more than one year, you are required to provide a Continuing Status Report to the UNF IRB prior to 06/22/2010. We suggest you submit your status report 11 months from the date of your approval date, as noted above, to allow time for review and processing.

This approval applies to your project in the form and content as submitted to the IRB for review. Any variations or modifications to the approved protocol and/or informed consent forms as they relate to dealing with human subjects must be cleared with the IRB prior to implementing such changes. Any unanticipated problems involving risk and any occurrence of serious harm to subjects and others shall be reported promptly to the IRB.

Should you have questions regarding your project or any other IRB issues, please contact the Office of Research and Sponsored Programs at 904.620.2455.

Thank you,

Dawn P. O’Connor
Research Integrity Coordinator
References


Vita

Janie K. Smalley

EDUCATION

University of North Florida
Educational Leadership Doctorate, December 2011
Jacksonville, FL

University of North Florida
Master of Public Administration, December 2001
Jacksonville, FL

University of North Florida
Bachelor of Arts, Political Science, December 1998
Graduated Magna Cum Laude
Jacksonville, FL

PROFESSIONAL EXPERIENCE

PACE Center for Girls, Jacksonville
Development Director
Sept. ’09 – Present
Jacksonville, FL
Responsible for donor relations, fundraising events, developing the department budget, marketing and media relations, and supervising resource development staff.

St. Vincent’s HealthCare Foundation
Donor Services Manager
May ’08 – Sept. ’09
Jacksonville, FL
Responsibilities included donor relations, special events, marketing and media relations, and fundraising activities including internal and external campaigns.

Episcopal Children’s Services
Assistant Vice President of Community Relations
May ’06 – May ’08
Jacksonville, FL
Duties included planning fundraising events and establishing relationships with community and government leaders. I also supervised the grants and research and information technology departments for the agency that spanned an eight-county area.

Florida Community College at Jacksonville
Resource Development Officer
Aug. ’04 – May ’06
Jacksonville, FL
Responsibilities included writing and managing grants and acting as the liaison between the College and funding agencies.

University of North Florida
Assistant Director of the Public Opinion Research Lab
Aug. ’00 – Aug. ’04
Jacksonville, FL
Responsibilities included assisting with the development of the survey instruments, supervising the data collection and applying for funding opportunities from local, state, and federal sources to support the Lab’s ongoing operations.