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ABOUT THE REPORT

Projected baby-boomer retirements have already raised concerns in the private and public sectors. This report focuses on the impact these anticipated retirements will have on the stability, growth, and potential of the nonprofit sector in the coming years. Many nonprofits in industries such as healthcare are already feeling the impact of talent shortages.

The good news is that nonprofit organizations can turn these challenges into opportunities and tap into other sectors' talent pools – and their own – to recruit experienced leaders, staff, and volunteers. A majority of mid-career and older employees plan to work beyond traditional retirement age, but not always with their same employer. Nonprofits that understand the needs and value of mature employees will be more successful in tapping into this talent source.

This report consists of two parts: a research brief, exploring both the challenges and opportunities in managing an aging workforce in nonprofit organizations, and a literature review, examining major research conducted over the past five years on key trends and issues concerning the mature workforce in nonprofits.

Boomers Are Ready for Nonprofits, But Are Nonprofits Ready for Them?

by Jill Casner-Lotto

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Jill Casner-Lotto is a writer and research consultant with over 20 years' experience in human resources and labor-management issues. Her current research at The Conference Board focuses on the mature workforce in the nonprofit sector and corporate views on the workforce readiness of recent high school and college graduates.

Previous to her consulting work with The Conference Board, Casner-Lotto was senior vice president for policy studies at Work in America Institute, a nonprofit workplace research and membership organization which focused on improving productivity, labor-management partnership, and quality of working life.

Casner-Lotto has directed numerous national policy research projects, working in conjunction with business, labor, and academic leaders to anticipate workplace trends and undertake new fields of research aimed at improving both business results and employees' quality of working life. Her research has been funded by The Ford Foundation, Alfred P. Sloan Foundation, U.S.-Japan Foundation, and by major corporations and labor unions.

She has authored or co-authored several books and nationally distributed policy reports, case studies, and articles on such topics as managing and training for new technology, high performance workplaces, work-life effectiveness, teamwork, flexible work schedules, participative leadership, labor-management relations, and job-linked literacy.

Casner-Lotto received a bachelor's degree in social sciences from Johns Hopkins University and a master's degree in journalism from Medill School of Journalism, Northwestern University.

ABOUT THE SPONSOR



LEADING WITH EXPERIENCE

Civic Ventures is a think-tank and program incubator, working to help society achieve the greatest return on experience. Civic Ventures is best known for two of its programs: Experience Corps, the nation's largest nonprofit working to engage Americans over age 55 as tutors and mentors in under-resourced public schools, and The Purpose Prize, the first significant investment in social entrepreneurs and innovators over 60. Civic Ventures founder Marc Freedman is author of *Encore: Finding Work That Matters in the Second Half of Life*.

About the MetLife Foundation/Civic Ventures BreakThrough Award

The MetLife Foundation/Civic Ventures BreakThrough Award recognizes nonprofit organizations and public-sector agencies that are expanding job opportunities for baby boomers. The goal is to inspire and help other organizations do this as well, so that boomer talent, commitment and experience can be tapped to work on society's greatest challenges. Awards will be given in 2007 to 10 organizations for implementing effective ways to either employ people age 50 and older or help them find meaningful social-purpose jobs.

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This research was made possible through the generous support of The Atlantic Philanthropies. Atlantic focuses on critical social problems related to aging, disadvantaged children and youth, population health, and reconciliation and human rights.

Critical Challenges and Opportunities Lie Ahead

Nonprofits could be hard hit by talent shortages exacerbated by projected baby-boom retirements, which are scheduled to begin at the end of this decade. But there are unprecedented opportunities, too.

Introduction

These anticipated retirements — many at the senior management level — come at a time when:

1. The nonprofit sector is experiencing substantial growth.
2. The need for nonprofit services is greater than ever.

By several measures, growth in the nonprofit sector is outpacing growth in the rest of the economy. Shortages are already affecting critical service sectors, including healthcare and social services, in which nonprofits are heavily represented. Additionally, widespread executive-level skills shortages currently affecting many nonprofits are predicted to get much worse as the sector expands and experienced executives retire. Many nonprofit organizations, particularly the smaller and midsize ones, lack the “bench strength” or staffing depth to develop younger leaders coming up in the organizations.

But, at the same time, there are unprecedented opportunities for nonprofits: The huge baby-boom demographic (77 million strong) represents a potential asset for nonprofit employers — and not just due to the numbers. Baby boomers, compared to previous generations, are healthier, more educated, and wealthier than any previous generation — and more inclined to stay in the workforce. According to the Bureau of Labor Statistics, the labor force of workers age 55 and older is anticipated to grow by 11.3 million during the 2004–14 period, *nearly four times* the growth rate of the overall labor force.¹ Numerous surveys indicate that many boomers expect to work in the so-called “retirement” years. And now there is solid evidence that a significant percentage of these aging boomers want jobs that are not only personally satisfying, but also help improve the quality of life in their communities.

Baby-boom retirements are also expected in the public and private sectors, and many of these retirees will possess the professional and management skills needed in nonprofit organizations. Nonprofits have the ability to tap into these talent pools to find the desired skills and expertise — in addition to recruiting those who may leave their current nonprofit jobs but are interested in moving to a new job in another nonprofit organization. But action is needed now: *Evidence suggests that nonprofits are seriously lagging behind the government and private sectors in efforts to both retain highly skilled potential retirees within their organizations and actively recruit older hires from other industry sectors.*

As part of The Conference Board’s continuing research program on mature workers, this report presents the business case for tapping the growing talent pool of mature workers in nonprofit organizations and creating an inclusive workplace for all generations. It identifies critical challenges, descriptions of emerging and promising practices, and recommendations for action by nonprofit leadership, boards, and funders.

This report is based on an extensive literature review of major research on the nonprofit sector conducted over the past five years examining:

- the impact of the aging workforce on nonprofit talent and skill needs;
- challenges and opportunities involved in recruiting and retaining mature workers; and
- recommended actions and best practices underway in the nonprofit sector, as well as a brief overview of private and public sector responses.

¹ Mitra Toossi, “Labor Force Projections to 2014: Retiring Boomers,” *Monthly Labor Review*, Bureau of Labor Statistics, U.S. Department of Labor, November 2005, pp.25–44.

Not All Boomers Want to Retire

Many Expect to Work — Just Not in Their Current Job or Career

Anticipated baby-boomer retirements will likely cause critical human resources challenges in nonprofit organizations. However, boomer retirements from the private and public sectors, as well as nonprofit senior managers who will move to other nonprofits, present timely opportunities for nonprofit employers as well.

Opportunities for Nonprofits

There is solid evidence that many aging baby boomers have no intention of retiring. Numerous surveys cite significant majorities of adults age 50+ indicate an interest in working in some capacity — full- or part-time — beyond what would be considered the traditional retirement years.

A 2005 Merrill Lynch survey found 76 percent of boomers intend to keep working and earning in retirement — on average, expecting to “retire” from their current job career at age 64 and then launching into an entirely new career.² A 2003 survey by AARP found a similar proportion (nearly 70 percent) of workers plan to work in their retirement years or never retire.³ And, in fact, the number of Americans actually working into their 50s, 60s, and older is at a record high, according to an analysis of federal employment statistics by Challenger, Gray, & Christmas, global outplacement consultants. Their research notes that, between 2003 and 2005, the number of older workers grew faster than any other age group.⁴ These data, coupled with BLS projections of the increased labor force participation of workers age 55 and older, make a strong case for a future workforce that will include significant numbers of mature workers with the skills and experience needed in nonprofit organizations.

In the nonprofit sector, while many baby-boomer executive directors intend to leave their jobs, substantial percentages intend to stay within the sector. For example, the 2006 *Daring to Lead* survey of 1,900 nonprofit executive directors in nine metropolitan regions found that, while the majority (75 percent) are planning to leave their jobs over the next five years, 71 percent intend to stay within the nonprofit sector.⁵ Nearly one in three of those executives (32 percent) are very likely to take another nonprofit executive career position. The mean age of this cohort is 47, while the mean age of the overall executive population surveyed is 50.

Furthermore, the survey found that many older executives (60+) do not plan to retire soon and anticipate contributing to the nonprofit field in some capacity upon leaving their current positions. An earlier *Nonprofit Executive Leadership and Transition 2004* survey of 2,200 executive directors also found a majority (65 percent) plan to leave their positions by 2009, with 21 percent indicating plans to take another executive director job in the nonprofit sector, and an additional 12 percent planning a role as a consultant.⁶

Many Are Interested in Community Service Jobs

Perhaps the strongest evidence to date that older adults, especially boomers, may be interested in jobs with a social mission comes from the 2005 MetLife Foundation–Civic Ventures *New Face of Work Survey*.⁷ Half of the survey respondents, which included 1,000 adults between the ages of 50 and 70, say they are interested in taking jobs, now and in retirement, that help improve the quality of life in their communities. Among those currently working who might be thinking of changing jobs, interest is even stronger, with 62 percent indicating an interest in careers of service. And the “leading-edge” boomers (ages 50 to 59) are especially interested, with 58 percent indicating an interest for these kinds of jobs, and 21 percent saying they are very interested.

Retirements in Other Sectors Create New Talent Pools

Nonprofits can recruit new talent as mature workers leave their jobs in the private and public sectors. Several surveys have shown that many boomers expect to work in retirement but not necessarily with their current employer. According to the Partnership for Public Service, the federal government is projecting the departure of more than 550,000 workers over the next five years. About 300,000 of these departures will be experienced retirees.⁸ Among those retiring will be human resource professionals⁹ — a critical skill need in nonprofits (explored in the following chapter). And, as illustrated in *Daring to Lead*, many nonprofit executives may leave their current jobs but stay within the sector, working for another nonprofit, foundation, or consultancy.¹⁰

² Merrill Lynch, Harris Interactive, Age Wave, *The Merrill Lynch New Retirement Survey: A Perspective from the Baby Boomer Generation*, 2005.

³ S. Kathi Brown, *Staying Ahead of the Curve 2003: The AARP Working in Retirement Study*, American Association for Retired Persons, 2003.

⁴ An analysis by Challenger, Gray & Christmas, as cited by Deborah Rothberg, “Non-Retiring ‘Retirees’ Fastest Growing Job Market Sector,” www.e.week.com, September 22, 2006.

⁵ Jeanne Bell, Richard Moyers, and Timothy Wolfred, *Daring to Lead 2006: A National Study of Nonprofit Executive Leadership*, CompassPoint Nonprofit Services and The Meyer Foundation, 2006.

⁶ Paige Hull Teegarden, *Nonprofit Executive Leadership and Transitions Survey 2004*, The Annie E. Casey Foundation, 2004.

⁷ *New Face of Work Survey*, MetLife Foundation and Civic Ventures, June 2005.

⁸ Max Stier, *Are You Experienced? How Boomers Can Help Our Government Meet Its Talent Needs*, Civic Ventures, 2007.

⁹ *The Federal HR Workforce*, Partnership for Public Service, Issue Brief PPS-06-03, May 31, 2006.

¹⁰ Bell, Moyers, and Wolfred, *Daring to Lead 2006*.

Why Do Baby Boomers Want to Keep Working?

What is motivating older adults to stay in the workforce? How important are financial versus other factors? When the MetLife Foundation–Civic Ventures *New Face of Work Survey* asked older adults about their reasons for working, it clearly showed they want additional income, but other factors were cited as well that suggest nonprofit jobs would make a good match for older adults' desires and interests. The following aspects of work were considered to be *very important* to adults ages 50 to 70 who say they may work in post-retirement jobs:

- Staying involved with other people (59 percent)
- Providing a sense of purpose (57 percent)
- Providing additional income (52 percent)
- Putting job skills and life experience to use (52 percent)
- Providing opportunity to help improve quality of life (48 percent)
- Trying something totally different (30 percent)

In addition, many older adults are interested in jobs in which social needs are most acute:

- 78 percent indicate an interest in jobs to help the poor, the elderly, and others in need.
- 56 percent want jobs dealing with health issues, whether in a hospital or with an organization fighting disease.
- 55 percent are interested in a tutoring or other educational positions.
- 45 percent are interested in working for a youth program.

Source: *New Face of Work Survey*, MetLife Foundation–Civic Ventures, 2005.

The Volunteer-Work Connection

Nearly one-third of baby boomers volunteered in 2006 — the highest volunteer rate of any age group, according to a 2007 report by the Corporation for National and Community Service (CNCS).¹¹ Baby boomers are also volunteering at higher rates than past generations did at about the same age. In many cases, the volunteer connection to the nonprofit community is made through the employer — volunteering among baby boomers was highest among those who work part-time (46 percent).¹² The 2007 CNCS report also notes that staying in the workforce actually increases the chances that boomers will continue to volunteer. And baby boomers that are in more challenging volunteer roles, performing professional or management assignments, are the most likely to volunteer from year to year.

In some instances, older adults who have volunteered may be interested in making a transition to paid employment, whether on a part-time or full-time basis. A recent report by the National Council on Aging cited a model volunteering program, Legacy Leadership Institutes at the University of Maryland Center on Aging, in which older adults are assisting nonprofits in highly professional roles.¹³ About half of the volunteers transitioned to part-time or full-time paid positions, usually in the nonprofit sector and related to their LLI volunteer experience.

Several experts in the field of civic engagement and aging note that retiring boomers may very likely be looking for a mix of activities — combining paid work for an employer with volunteering for a different nonprofit organization. If this is the case, nonprofits stand to gain in a major way, reaping the benefits of boomers' professional or management skills and experiences in both paid and service positions. Currently, almost a quarter of baby-boom volunteers (23 percent) report they provide professional and managerial skills in their volunteering positions.¹⁴

¹¹ John Foster-Bey, Robert Grimm, Jr., and Nathan Dietz, *Keeping Baby Boomers Volunteering: A Research Brief on Volunteer Retention and Turnover*, Corporation for National and Community Service, March 2007.

¹² *Baby Boomers and Volunteering: An Analysis of the Current Population Survey*, Corporation for National and Community Service and RTI International, Issue Brief, 2005.

¹³ *RespectAbility in America: Profiles of the Most Promising Initiative Engaging Adults 55+*, National Council on Aging and The Atlantic Philanthropies, August 2006.

¹⁴ *Baby Boomers and Volunteering*, Corporation for National and Community Service and RTI International.

Recruitment and Retention Challenges

Several key issues for nonprofits emerged during the compilation of the accompanying literature review, revealing some critical challenges and obstacles to the recruitment and retention of mature workers.

Critical Challenges and Obstacles

Shortages in leadership, within nonprofit sub-sectors

Leadership shortages could worsen as aging baby boomers retire and the nonprofit sector rapidly expands. Numerous surveys have indicated that a significant percentage (in some cases, a majority) of nonprofit executive directors are planning to step down from their positions over the next five years. Most recently, the 2006 *Daring to Lead* survey found that 75 percent intend to leave their jobs in five years, and 9 percent are currently in the process of leaving their jobs.¹⁵

A recent sector-wide analysis by The Bridgespan Group, which predicts massive leadership shortages, should serve as a wake-up call to nonprofit leaders, boards, and funders. *The Nonprofit Sector's Leadership Deficit* notes that qualified nonprofit executive directors are currently in short supply and predicts that over the next decade, as the nonprofit sector expands and baby-boom executives retire, the problem will get much worse:¹⁶

- Nonprofits will need to recruit and develop 640,000 new senior managers — nearly two-and-a-half times the number currently employed.
- Starting in 2016, almost 80,000 new executives per year will be in demand, up from 56,000 needed in 2006.
- Skilled executives in operations, finance, human resources, marketing, development, and communications will be in demand.

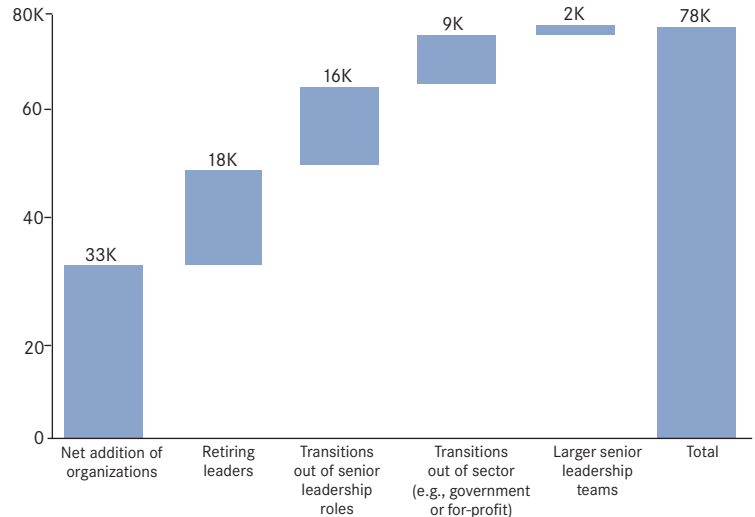
Critical current and projected labor shortages have been reported in healthcare, social services, and education, where nonprofit organizations are heavily represented. For example, the nationwide shortage of nurses is estimated at 168,000 and, if current trends continue, could worsen considerably.¹⁷

Nonprofit growth will intensify skills needs

Nonprofits are growing rapidly in number, size, budgets, and job creation. In fact, by several measures, growth in the nonprofit sector is outpacing growth in the rest of the economy. *Nonprofit Almanac 2007* notes that from 1994 to 2004, while U.S. gross domestic product increased by less than 37 percent after adjusting for inflation, all three of the major financial measures of nonprofits (revenues, expenses, and assets) increased by at least 56 percent.¹⁸ Total assets rose most rapidly, increasing about 90 percent for both public charities and the sector as a whole. The vast majority of the nation's 1.4 million nonprofit organizations are 501(c)(3) public charities, which hold most of the sector's revenues and assets. Between 1994 and 2004, the total number of nonprofits increased by 27 percent. In contrast, the number of public charities grew by 65 percent. Public charities include most arts, education, healthcare, and human services organizations.

The nonprofit sector will likely need nearly 80,000 new leaders in 2016

Number of new senior managers needed (2016)



Note: Transitions out of senior management positions include EDs and senior managers that have left their current position to become a consultant or to take an unpaid volunteer or board governance role. Transitions out of the sector include EDs and senior managers that have left their current position for a job in the government or for profit sector. Senior management is defined as the most senior tier of management that could include the COO CFO CDO, Head of Human Resources, Head of Marketing, Head of Programs.

Source: National Center for Charitable Statistics data; Bridgespan analysis in Thomas J. Tierney, *The Nonprofit Sector's Leadership Deficit*, The Bridgespan Group, March 2006, p.3.

¹⁵ Bell, Moyers, and Wolfred, *Daring to Lead 2006*.

¹⁶ Thomas J. Tierney, *The Nonprofit Sector's Leadership Deficit*, The Bridgespan Group, March 2006.

¹⁷ "What Is Behind HRSA's Projected Supply, Demand, and Shortage of Registered Nurses?" Health Resources and Services Administration, U.S. Department of Health and Human Services, 2004.

¹⁸ *The Nonprofit Sector in Brief: Facts and Figures from the Nonprofit Almanac*, Urban Institute, 2007.

A 2006 report from the Center for Civil Society Studies at Johns Hopkins University finds that the nonprofit sector:¹⁹

- represents a significant and growing share of the nation’s workforce;
- employs far more people than generally recognized;
- outpaces employment in a number of major industries; and
- plays a particularly prominent role in such fields as hospital care, social assistance, and higher education.

Employment growth in the nonprofit sector reflects demographic changes, such as the aging population, which has led to increased demand for healthcare and nursing homes.

Among the report’s key findings:

- As of the second quarter of 2004, nonprofits employed 9.4 million workers and engaged another 4.7 million full-time equivalent volunteer workers for a total workforce of more than 14 million workers. Nonprofit paid workers compose 7 percent of national employment overall, while the combined paid and volunteer workforce represents 10.5 percent of the nation’s total labor force.
- Nonprofits added jobs at a much higher rate than did employers as a whole. Between 2002 and 2004, the nonprofit paid workforce grew by 5.1 percent, compared to an overall employment decline of 0.2 percent during the same period.

As the nonprofit sector expands, leadership skills will be in even greater demand. Not only has there been a steady increase in the number of nonprofit organizations, larger nonprofits with annual revenues over \$250,000 are growing the fastest.²⁰ And while there are far fewer larger nonprofits than smaller ones, these larger organizations will require more senior executives with increasingly complex skills.

The Nonprofit Sector: Facts and Figures

- Nonprofit jobs increased, even in regions where overall employment declined due to economic recession, suggesting the “counter-cyclical” nature of nonprofit employment.
- Nonprofit employment is distributed among a variety of fields, including arts, education, healthcare, human services, and religious and civic affairs. However, the bulk of jobs are concentrated in human services and, within that broad category, health services.
- Hospitals alone account for one-third of all nonprofit employment; other health providers, such as clinics and nursing homes, make up 21 percent; and other human services, including education and social assistance, make up 14 percent and 13 percent, respectively, of all nonprofit employment.
- Total wages paid by nonprofits reached \$321.6 billion in 2004, which is more than the wages paid by utilities (\$50.1 billion), construction (\$276 billion), and wholesale trade (\$283.7 billion), and almost as much as the finance and insurance industry (\$355.9 billion).
- While nonprofit wages lag behind those of the for-profit sector overall, in the fields or types of organizations in which both nonprofits and for-profits are active – such as hospitals and nursing homes, museums, social services, and higher education – average nonprofit wages are actually higher.

Source: *Employment in America’s Charities: A Profile*, The Johns Hopkins Center for Civil Society Studies, 2006.

¹⁹ Lester M. Salamon and S. Wojciech Sokolowski, *Employment in America’s Charities: A Profile*, The Johns Hopkins Center for Civil Society Studies, Nonprofit Employment Bulletin, No. 26, 2006.

²⁰ Tierney, *The Nonprofit Sector’s Leadership Deficit*.

Other factors that contribute to nonprofit growth and increase the need for strong leadership include:²¹

- An increase in donations as baby boomers age
- A proliferation of foundations
- An emphasis on social entrepreneurship and corporate social responsibility
- Government's increasing reliance on nonprofits to deliver public services

The need for leadership skills will also intensify as board members, donors, regulators, and the public hold nonprofit organizations more accountable.

Lack of a massive, sector-wide response to the impending leadership crisis could seriously affect nonprofit organizations' ability to carry out their social missions. According to an estimate from Boston College's Center on Wealth and Philanthropy, cited in *The Nonprofit Sector's Leadership Deficit*, \$6 trillion in charitable bequests is expected to flow into the nonprofit sector during the next 30 to 40 years as wealth is transferred from the baby-boom generation to its heirs.²² "Should the nonprofit sector be unable to fill its looming leadership deficit, much of that money will not be put to its best use, and society as a whole will be the poorer," the Bridgespan Group report notes.

Even if some of the assumptions used in *The Nonprofit Sector's Leadership Deficit's* projections don't hold, executive shortages are pegged at 330,000 over the next decade. In a more likely scenario, given past trends, the demand for skilled executives could intensify and leadership needs could reach 1.25 million, according to the report.

Inadequate human resources development

The nonprofit sector is at a distinct competitive disadvantage with the private and public sectors when it comes to investment in human resources management. A selective review of workforce issues in the nonprofit sector by American Humanics Initiative for Nonprofit Careers found that human resources management was weak in the majority of nonprofit organizations.²³ Many nonprofits lack professional human resources units as boards and funders focus their attention and funding on specific service programs, as opposed to broader investment in organizational capacity, including human resources management.²⁴ Those without human resources management report numerous problems, including staff turnover and unfilled vacancies. The nonprofit sector has a higher average annual turnover rate (3.1 percent) than both the private (2.7 percent) and public sectors (1 percent).²⁵

The high level of burnout, stress, and turnover reported at both executive and staff levels is an immediate factor that may impede both retention and recruitment of older workers. The 2006 *Daring to Lead* survey found that dissatisfaction with boards of directors and funders was a major contributing factor to executive directors' burnout, and a negative perception of boards is strongly associated with turnover. The majority of executive directors surveyed (57 percent) are age 50 or older and the median age is 50. In a 2002 national survey of 1,140 nonprofit employees, 71 percent agreed that "it is easy to burnout on the job and that they always have too much work to do."²⁶ Lack of access to information and training resources, technology, and personnel necessary for job performance was cited.

²¹ Ibid.

²² Paul G. Schervish and John J. Havens, *New Findings on the Patterns of Wealth and Philanthropy*, Social Welfare Research Institute, Boston College, June 2003.

²³ R. Patrick Halpern, *Workforce Issues in the Nonprofit Sector: Generational Leadership Change and Diversity*, American Humanics, February 2006.

²⁴ Tierney, *The Nonprofit Sector's Leadership Deficit*; Bell, Moyers, and Wolfred, *Daring to Lead 2006*.

²⁵ *The New Nonprofit Almanac and Desk Reference: The Essential Facts and Figures for Managers, Researchers, and Volunteers*, Independent Sector and The Urban Institute (Hoboken, NJ: Jossey Bass, 2002).

²⁶ Paul C. Light, "Winning the Talent War: New Brookings Survey Finds the Nonprofit Sector Has the Most Dedicated Workforce," *Nonprofit Quarterly*, Fall 2002.

Many nonprofits appear to be unconvinced that investing resources in recruiting older adults into new executive and staff positions or even into professional volunteering roles is directly related to their organization's success. Consequently, little has been done to create the mechanisms needed to attract experienced boomers or develop the type of job and volunteering opportunities to match their skills. Changing that attitude will require a major shift in thinking at all organizational levels, including funders, boards of directors, national organizations, and community-based agencies.

A recent survey by the National Council on Aging (NCOA) illustrates organizations' inertia at the local level.²⁷ In a 2005 poll of more than 800 local officials affiliated with 20 of the nation's leading nonprofit agencies, the NCOA found many of these local community agencies ill-equipped and uninterested in improving their organization's capacity to attract and retain older adults into more professional roles, either as volunteers or employees. The overwhelming majority of local officials (91 percent) could not even comment on any organizational practices instituted to attract and hire older adults. About half of the respondents, which included executive directors, program directors, and volunteer coordinators, had no system in place to screen, assess, or place older volunteers. Lack of necessary staff, training, and adequate screening and placement systems are cited as key barriers.

About one-third of respondents said their organizations would be unprepared to improve their engagement of older adults, even if all barriers were removed. Local officials showed little confidence in the leadership abilities of older adults and generally viewed them in more traditional volunteering roles as service providers rather than in professional or strategic leadership roles. The report concludes that the business case for attracting experienced older adults into new roles that match their skills is not evident to local and national leaders.

Inadequate investment in leadership development and lack of "bench strength"

To retain some of their most experienced mature workers and also ensure effective career development for younger leaders, nonprofits need effective programs to facilitate leadership transitions, such as succession planning, knowledge management and transfer, and mentoring. Yet the 2006 *Daring to Lead* survey found that, despite the large number contemplating transition, fewer than a third of executive directors had even discussed succession planning with their boards.²⁸ If nonprofits decide to tap into other sectors to recruit new senior leader talent, they will need to significantly expand their recruitment networks and develop creative pathways for older workers to enter nonprofit jobs. Currently, funding for these types of programs is often viewed as "wasteful overhead" expenditures not directly related to the organization's mission.

Leadership development is particularly difficult for the smaller to midsize nonprofits, which lack the bench strength or staffing depth to develop leaders inside the organization. Research has found that leadership development is strongly associated with organizational size, since larger organizations have more mid-level and senior positions in which to develop future leaders.²⁹

- While 75 percent of executives at nonprofits with more than 100 staff members say they are actively developing future executives, only 50 percent of executives at smaller to midsize nonprofits (5 to 20 staff members) are doing so.
- In general, nearly half (47 percent) of the nonprofit organizations surveyed lack senior staff members. In many instances, the executive director is also the chief financial officer and development director.
- The majority of executive directors (64 percent) are hired externally.

²⁷ *RespectAbility Web Survey Executive Summary*, National Council on the Aging, March 2005.

²⁸ Bell, Moyers, and Wolfred, *Daring to Lead 2006*.

²⁹ *Ibid.*

Other nonprofit surveys confirm that substantial percentages of executive directors are hired externally. Still, even large nonprofits are at a competitive disadvantage with the private sector when it comes to executive recruitment and development. While successful private-sector companies can often afford extensive management recruitment and development programs and, as a result, can hire from within, nonprofits generally lack the resources to develop and promote from within and must rely on outside talent.³⁰

Generational divides

Nonprofits face critical challenges in managing a mature workforce, which can be viewed as a two-part challenge: attracting and retaining adults age 50+ and facilitating effective leadership transitions as younger employees move up in the ranks. Many organizations will experience a significant “brain drain” as senior executives depart from their organizations, taking with them critical skills and competencies, as well as long-term relationships cultivated with outside funders. Successful nonprofits will encourage some of these seasoned leaders to continue working in the organization in some capacity, but, at the same time, they must deal with the career aspirations of talented younger leaders — many of whom feel their career paths blocked by older workers’ delayed departures.

In a series of intergenerational discussions conducted and reported by the Building Movement Project, younger leaders in nonprofit organizations expressed concern that baby-boom leaders had developed relationships with foundation staff that were not being passed on. In their view, good mentors were hard to come by — and urgently needed in the nonprofit community. The report concludes: “The lack of adequate mentorship and broader intergenerational dialogue means that important lessons of history and experience are inadequately transmitted, or are lost to a new generation.”³¹ On the flip side, older directors rarely spoke of younger staff as mentees, colleagues, or future leaders. The report notes the lack of “opportunities for older leaders to do the hard thinking about their next positions or retirement.” In addition, inadequate retirement and savings plans have severely constrained older leaders’ choices, which make it difficult for them to imagine and pursue an effective leadership transition.³²

Dearth of flexible work options

Nonprofits lag behind private and public sectors in the development of flexible part-time work options (particularly at the professional or managerial level) that many educated, experienced boomers are seeking. These types of jobs may be difficult to develop and manage. Navigating and complying with a complex maze of legal statutes has prevented widespread adoption of phased retirement options in the private sector; nonprofit employers, with limited human resources expertise, may be hesitant to experiment with new flexible work arrangements for fear of legal repercussions.

Older adults who express interest in nonprofit jobs, however, are equally adamant about wanting well-designed jobs that provide flexibility, benefits, and training. Most important to them is the desire for flexible or reduced work schedules that allow for continuation of social security and pension benefits and provision of healthcare. Older adults between the ages of 50 and 70 responding to the MetLife Foundation–Civic Ventures *New Face of Work* survey say they would be very likely to work in retirement if their nonprofit jobs allowed them to:³³

- Collect social security or pension benefits without penalty (63 percent)
- Work part-time (58 percent)
- Work flexible schedules (56 percent)
- Get healthcare benefits (55 percent)
- Receive a tax break to work in a specific field, such as education (39 percent)
- Get training for new skills (34 percent)

³⁰ Tierney, *The Nonprofit Sector’s Leadership Deficit*.

³¹ Frances Kunreuther, Ludovic Blain, and Kim Fellner, *Inspiring Activism in the Nonprofit Community: Generational Leadership Listening Sessions*, The Building Movement Project, 2004.

³² Frances Kunreuther, *Up Next: Generation Change and the Leadership of Nonprofit Organizations*, The Building Movement Project, Executive Transitions Monograph Series, Vol. 4, 2005.

³³ *New Face of Work Survey*, MetLife Foundation and Civic Ventures.

Strategic Ideas and Actions for Nonprofits

Nonprofits that address the challenges related to managing a mature workforce can benefit greatly. Organizations that have been most successful in leveraging the talents and expertise of this group are adopting a proactive approach. The following recommendations offer a starting point for nonprofits, including those currently dealing with these issues and those that have yet to face the challenges of a maturing workforce.

Manage the Aging Workforce Strategically

View and manage a maturing workforce as a strategic issue, incorporating it into the organization's broad goals and strategic plan, rather than as an isolated human resources issue.³⁴ Organizations should adopt strategic workforce plans, which include the following fundamentals:³⁵

- Collect data about the environment in which they operate, client needs and preferences, organizational strategy, most critical jobs, and other future aspects determining workforce needs.
- Analyze data about the current workforce (e.g., headcount, turnover, age, skills, and retirement eligibility) to project the future workforce two years out.
- Analyze the gap between projected supply and demand.
- Develop a plan for closing the gap (e.g., hiring, training, leadership development).

Professionalize Human Resources Management

Understand the importance of human capital to fulfilling organizational goals, and invest in human resources development programs. The types of problems affecting nonprofit senior managers — burnout, stress, turnover, lack of training, and development — are also felt at staff levels. The lack of professional human resources functions in many nonprofits may be a contributing factor. Recommendations to improve HR functions include:

- Create or professionalize existing human resources units.
- Engage senior staff in human resource training.³⁶
- Create leadership development programs to nurture future leaders.
- Educate funders on the need to invest in human capital in general and mature workers specifically.

Professional human resources expertise is needed to recruit talented, experienced boomers and create new, more professional volunteer and paid work roles. Among the ideas some experts have suggested:³⁷

- Create a national program to train and certify volunteer coordinators or human resource development specialists
- Establish standards
- Develop recruitment, placement, management, retention, and recognition programs
- National nonprofits should take a lead role in helping their local affiliates identify and develop new opportunities.

Nonprofit Human Resource Center

Action Without Borders/Idealist.org, a nonprofit job search and recruitment service, has launched a new online Nonprofit Human Resource Center on its website for nonprofit staff who perform HR work in their organizations. The center is for generalists or specialists, vice presidents of HR, HR directors, operations or business managers, volunteer administrators, or executive directors who often handle HR activities in smaller organizations. The center provides a variety of useful tools, including:

- an overview of nonprofit HR basics;
- core competencies;
- a resources section of articles, research reports, PowerPoint® presentations, toolkits, curriculums, and the like, on a range of HR issues and challenges facing nonprofits;
- a support center for professionals; and
- a listing of Idealist HR services, career fairs, and conferences.

For more information, visit www.idealists.org/hrp/index.html

³⁴ Charles Mitchell, *Age and Opportunity: Plan Strategically to Get the Most Out of a Maturing Workforce*, The Conference Board, Executive Action No. 187, May 2006.

³⁵ Mary B. Young, *Strategic Workforce Planning: Forecasting Human Capital Needs to Execute Business Strategy*, The Conference Board, Research Report 1391, 2006.

³⁶ Carolyn Ban, Alexis Drahnak-Faller, and Marcia Towers, "Human Resource Challenges in Human Service and Community Development Organizations," *Review of Public Personnel Administration*, Vol. 23, No. 2, 2003.

³⁷ *Reinventing Aging: Baby Boomers and Civic Engagement*, Center for Health Communication, Harvard School of Public Health, and MetLife Foundation, 2004; and *RespectAbility Web Survey Executive Summary*, National Council on Aging and The Atlantic Philanthropies.

Invest in Executive Development and Recruitment

Invest in senior management development and explore new talent pools, including aging baby boomers, midlife career changers, and younger managers, to address leadership staffing needs. In addition to tapping new sources of talent, initiatives need to be developed that provide greater career mobility for existing nonprofit leaders and employees.

Executive directors need to devote more time to performance reviews, mentoring, training, succession planning, recruiting, and other human resource functions and mentoring.³⁸

Develop Flexible Work Models

Adopt and create flexible and part-time models of work. More experimentation will be needed to develop flexible work schedules and career paths since there are few models in the nonprofit sector. However, some for-profit companies and government agencies are moving ahead in creating flexible work environments that appeal to mature workers. The kinds of flexible work models needed to attract and retain experienced boomers don't happen overnight. It may take years to implement effective knowledge management and transfer programs — the kind that capture and transfer the skills and knowledge of valued baby-boomer employees but allow them to stay connected to the organization in new part-time or flexible roles and that allow younger workers to grow in their careers.³⁹

Expand Recruitment Networks

Traditionally, nonprofit employers of all sizes have not recruited actively outside the nonprofit sector nor have they targeted specific groups. Groups that nonprofits could tap include experienced business managers and civil servants, military officers transitioning to civilian life, and women re-entering the workforce after staying home to raise families.⁴⁰ Bridgestar, a nonprofit talent matching organization for senior executives, is exploring a new kind of talent matching service to connect skilled adults age 50+ interested in part-time positions with nonprofits that need part-time executives.⁴¹

Promote the organization through community informational or orientation sessions that familiarize individuals with nonprofit job opportunities. Many of the older adults who express interest in nonprofit jobs anticipate difficulties in finding them. Yet the MetLife Foundation–Civic Ventures survey found that almost half of respondents (45 percent) say they would be interested, at the right time, in attending a seminar that offered help finding jobs that provide community services to those in need.⁴²

Share Best Practices Nationally

Create national forums in which local officials share best practices, case studies, and insights to tap the potential of older adults and create new volunteer and paid employment roles.⁴³ NCOA's RespectAbility program, funded by The Atlantic Philanthropies, is taking an in-depth look at emerging practices in a variety of nonprofit agencies that are developing new roles to use the skills and talents of adults age 55 and older.⁴⁴ While the majority of these roles are volunteer positions, some include or have led to paid employment as well. NCOA notes that some local organizations have strategies in place to recruit writers, Web designers, and accounting professionals. National publicity of such initiatives can illustrate how these new expanded definitions of volunteerism and paid employment benefit local organizations.

Examine and Create New Pathways to Nonprofit Jobs

What are some new approaches, routes, or pathways that might facilitate baby-boomer adults' transition to nonprofit jobs? And how could nonprofits partner with other organizations to support their moves? There is little research focused on specific pathways leading older adults to nonprofit careers, but some ideas and a few programs have been cited.

³⁸ Tierney, *The Nonprofit Sector's Leadership Deficit*.

³⁹ Mitchell, *Age and Opportunity*.

⁴⁰ Tierney, *The Nonprofit Sector's Leadership Deficit*.

⁴¹ David L. Simms, "Leading in the Second Half: The Nonprofit Opportunity," *New Face of Work Survey*, MetLife Foundation and Civic Ventures, June 2005.

⁴² *New Face of Work Survey*, MetLife Foundation and Civic Ventures.

⁴³ *RespectAbility Web Survey Executive Summary*, National Council on Aging and The Atlantic Philanthropies.

⁴⁴ *RespectAbility in America*, National Council on Aging and The Atlantic Philanthropies.

Flexible Work Models

Southern Company, the leading producer of electricity in the United States, implemented an aggressive workforce planning process to address its aging and retiring skilled workforce. After taking steps to ensure the availability of a younger skilled workforce, the company polled its potential retirees and learned that many of them, though eligible for retirement, wanted to stay but were interested in phased retirements and part-time options.

In 2003, Southern Company partnered with **Georgia Power Company** to launch the Retiree Reservist Pool, which allows retirees to work on a part-time basis, meeting short-term critical business needs (e.g., plant outages, storm restoration, special projects, peak labor needs). Benefits to retirees include additional income, increased self esteem, and staying connected with the company. And the companies benefit from a ready-made experienced temporary labor force, effective knowledge transfer to younger workers, and better management of labor costs.

Other examples of companies that rehire retirees include **Hoffman-LaRoche**, and **CIGNA's** Encore Program, one of the oldest phased retirement models.

Baptist Health South Florida addresses retention of older workers through an array of flexible programs, including: paid time off (PTO) benefits that increase with employees' years of service, defined contribution retirement plans that allow employees to draw on benefits and reduce their hours, and a "bridge of service policy" that allows rehired employees who previously left the hospital to return without losing accumulated PTO and other benefits. The company also has a long-service review committee that ensures fair treatment of employees with 15 or more years of service, helps people manage life changes, and provides opportunities for meaningful work assignments. Other best practices include policies promoting wellness and programs that cross-train nurses to take on less physically demanding work and look for ways to limit the hospital's physical requirements for nursing jobs.

Scripps Health offers a broad range of flexible work schedules such as job sharing, which enables two employees to share a position, work fewer hours, and keep their skills competitive. Other options include compressed workweeks, telecommuting, and specific individual accommodations. The company also provides such support as home office equipment and training so employees can make choices that best suit their needs.

MITRE Corporation, a not-for-profit technology firm chartered to work in the public interest, employs a significant percent of mature workers with a combination of skills in systems engineering and information technology. With an emphasis on knowledge retention and knowledge transfer to younger workers, MITRE provides considerable in-house training that enables lateral moves within the company, an "Accelerated Graduate Degree Program," mentoring, paid time off for individuals to focus on their studies, and a "Reserves at the Ready" program that rehires retirees.

Fed Experience is a new initiative to recruit retiring baby boomers to establish second or "encore" careers in the federal government. Led by the **Partnership for Public Service (PPS)**, the project, now in an initial research phase, will be followed by pilot programs in a few agencies to attract and use boomer talent. The next stage will be large-scale implementation across the federal government. Among the recommendations and steps underway:

- The Office of Personnel Management (OPM) has taken a lead role in launching and running Career Patterns, which encourages federal agencies to develop flexible work options to attract and retain top talent from all age groups. PPS recommends that more emphasis be placed on ways to attract retiring boomers.
- PPS and OPM have launched an online Hiring Tool Kit, which enables government agencies to use the tools and techniques of a new streamlined federal hiring process.
- PPS recommends a federal leadership training institute to integrate senior "outsiders" into the government and an elite fellowship program for older Americans, modeled after the White House Fellows Program, to provide older adults with opportunities to work at high levels in government.

Sources: Are You Experienced? How Boomers Can Help Our Government Meet Its Talent Needs, Civic Ventures Policy Series and The UPS Foundation, 2007; Charles Mitchell, Age and Opportunity: Plan Strategically to Get the Most Out of a Maturing Workforce, The Conference Board, Executive Action No. 187, May 2006; Lynne Morton, Lorrie Foster, and Jeri Sedlar, Managing the Mature Workforce, The Conference Board, Research Report 1369, 2005; Anna M. Rappaport and Matt Stevenson, Staying Ahead of the Curve 2004: Employer Best Practices for Mature Workers, AARP, 2004; Howard Muson, Valuing Experience: How to Motivate and Retain Mature Workers, The Conference Board, Research Report 1329, 2003; and Deborah Parkinson, Voices of Experience: Mature Workers in the Future Workforce, The Conference Board, Research Report 1319, 2002.

Bridge jobs

One idea from Harvard–MetLife Foundation is adapting the model of “bridge jobs” to new forms of civic engagement.⁴⁵ Traditionally, bridge jobs have enabled older adults who have completed their primary careers to gradually transition to retirement, but they could also be developed as a path to a different kind of social engagement or a completely new career. In fact, a recent analysis found that those who do take bridge jobs after their primary careers frequently work part-time or change jobs, often moving to an entirely new type of work.⁴⁶ About 60 percent of people with full-time career jobs after age 50 use a bridge job as a path out of the labor force. Nearly all—95 percent—who leave their career jobs for bridge jobs report they enjoy going to work. Noting both the financial and quality-of-life benefits of bridge jobs, the study predicts that many older Americans will choose this route as opposed to a permanent withdrawal from the labor force.

Corporate pathways

Employer connections to nonprofits are usually in the form of corporate-sponsored volunteer programs. But in a different kind of corporate-community collaboration, IBM launched Transition to Teaching in 2005 with two clear goals: (1) help veteran employees who possess math and science skills pursue second careers in teaching and (2) inspire a new generation of engineers and scientists. IBM helps pay for tuition, offers mentoring during the transition from IBM jobs to full-time teaching jobs, and also provides leave-of-absence stipends to facilitate student teaching.

Community colleges

Community colleges are beginning to tailor new kinds of instructional and life-planning programs targeted to the needs of aging baby boomers interested in second careers in nonprofit organizations. One emerging model is The Next Chapter, currently under development at several community colleges across the country.⁴⁷ Originally launched in 2001 by Civic Ventures, The Next Chapter programs include four components:

1. Life planning assistance
2. Meaningful employment and service opportunities
3. Continued learning for new directions
4. Peer and community connections

⁴⁵ *Reinventing Aging*, Center for Health Communication, Harvard School of Public Health, and MetLife Foundation.

⁴⁶ Kevin E. Cahill, Michael D. Giandrea, and Joseph F. Quinn, *Down Shifting: The Role of Bridge Jobs after Career Employment*, The Center of Aging & Work/Workplace Flexibility at Boston College, April 2007.

⁴⁷ Judy Goggin and Bernie Ronan, “Our Next Chapter: Community Colleges and the Aging Baby Boomers,” *League of Innovations Leadership Abstracts*, Vol. 17, No. 11, November 2004.

Temporary staffing and consulting services

Temporary staffing services may provide an immediate and practical solution for nonprofit employers interested in hiring older workers but not well-versed in the complicated legal issues of phased retirement and other flexible work options.⁴⁸ The workers remain employees of the temporary staffing agency, which handles all legal issues and designs benefit programs.

For example, Adecco USA, a temp agency with more than 70,000 client companies, places mature workers and retirees in temporary jobs that offer a broad range of health and life insurance, 401(k) benefits, service bonuses, tuition reimbursement, and online training. The company reaches out to older adults and retirees at churches, shopping malls, and community centers through its Renaissance Program, which provides recruitment materials describing its special programs and benefits for older adult temps.⁴⁹

Another example is YourEncore, a consultancy, which places highly skilled scientific and engineering retirees in its client companies on a contract basis and handles all legal, financial, and quality control arrangements. YourEncore matches its clients’ project requirements with the skills of over 2,000 professionals who make up its network of available talent. Companies may hire retirees from their own company or they may hire retired experts from other companies.⁵⁰

Volunteering as a route to jobs

Contrary to conventional wisdom that volunteering activity is most common among retirees, researchers find that volunteerism generally peaks during midlife then gradually declines in older ages. Several studies also show that paid work typically does not replace volunteering among boomers and retirees and, in fact, may encourage volunteering.⁵¹ The Corporation for National and Community Service and RTI International note that baby-boomer volunteerism is highest among those who work part-time.⁵² Less is known, however, about aging boomers’ transition from volunteering to paid work roles.

⁴⁸ Peter Cappelli, “Don’t Fool Yourself: This Won’t Be Easy for Employers,” *New Face of Work Survey*, MetLife Foundation and Civic Ventures, June 2005 pp.24–25.

⁴⁹ Lynne Morton, Lorrie Foster, and Jeri Sedlar, *Managing the Mature Workforce*, The Conference Board, Research Report 1369, July 2005.

⁵⁰ Anna M. Rappaport and Mary B. Young, *Phased Retirement after the Pension Protection Act*, The Conference Board, Research Report 1402, 2007.

⁵¹ Robert Prisuta, “Enhancing Volunteerism among Aging Boomers,” *Reinventing Aging: Baby Boomers and Civic Engagement*, Center for Health Communication, Harvard School of Public Health, and MetLife Foundation, 2004.

⁵² *Baby Boomers and Volunteering*, Corporation for National and Community Service and RTI International.

The NCOA's RespectAbility program includes some examples in which volunteering leads to paid work.⁵³ For example, in collaboration with community agencies, retired social workers created "backup pools" of professional social workers that work part-time for local agencies on an as-needed basis. The group also conducts "think-tank group sessions" on cutting-edge topics so professionals can polish their skills and re-enter the workforce with the latest knowledge and skills. The Legacy Leadership Institutes of the University of Maryland's Center on Aging places volunteers in highly strategic, professional roles to assist nonprofits. About half of the volunteers have moved into paid positions, usually in the nonprofit sector (see box).

The Volunteering-Work Connection: Legacy Leadership Institutes

One example of a model professional volunteer program is the Legacy Leadership Institutes (LLI), based at the University of Maryland Center on Aging in College Park, Maryland. The LLI program provides older adults with extensive leadership and skills training and then places them in well-defined, professional roles to assist nonprofits. Among the new roles created by the Institutes: nonprofit fundraising teams of paid and unpaid staff, environmental educators, communications specialists in schools, and management consultants helping nonprofits solve specific problems.

The LLI program is keeping close track of its results: Legacy Leaders have assisted about 300 nonprofit and governmental agencies globally. About 2,000 LLI volunteers have provided about 600,000 hours of service, and almost 50 percent have become employed in part-time or full-time paid positions, usually in the nonprofit sector. The overwhelming majority (90 percent) report that their employment was related to their experience in the Legacy Leadership program.

Source: *RespectAbility in America: Profiles of the Most Promising Initiatives Engaging Adults 55+*, National Council on the Aging and The Atlantic Philanthropies, 2006.

What Foundations and Boards Can Do

Foundations can increase funding for executive transition and succession planning programs and allow their grantees to improve executive salary and benefit packages.⁵⁴ According to *Daring to Lead 2006*, half of the survey respondents had no retirement accounts, and most believed their successors would require higher salaries. Foundations could also provide funds and support for pathway programs that attract experienced baby boomers and help them transition into the nonprofit sector, as well as nonprofits' broader initiatives in organizational capacity building and human resources management.

Board members need to bring succession planning into the annual executive evaluation discussion, and outside consultants can help promote succession planning as an ongoing best practice rather than a crisis management strategy.⁵⁵

A Call to Action

The nonprofit sector faces tremendous challenges and hard work ahead if it is to attract and fully leverage the talent potential of maturing baby boomers. It will require a major shift in thinking at all organizational levels and a commitment to devote the time and resources to human resource and leadership development programs and to the kinds of flexible work options that match the desires and interests of experienced workers. A number of initiatives are underway to create new programs and new pathways, and these are a step in the right direction, but not enough. Other sectors are gaining ground — nonprofits need to act now if they want to tap the growing talent pool of mature workers. The huge baby-boom demographic (77 million strong) represents an enormous potential asset for nonprofit employers. Retaining and engaging the aging workforce and attracting even a small segment of this group for future organization needs could make a significant difference in nonprofits' performance.

⁵³ *RespectAbility in America*, National Council on Aging and The Atlantic Philanthropies.

⁵⁴ Bell, Moyers, and Wolfred, *Daring to Lead 2006*.

⁵⁵ *Ibid.*

Literature Review

Managing an Aging Workforce in Nonprofit Organizations

Introduction

This literature review summarizes and highlights findings from major research over the past five years and explores both the challenges and opportunities related to the aging workforce in nonprofit organizations. It examines how changing workforce demographics are affecting nonprofits at the leadership level and in certain critical service sectors.

This review also explores the specific interests of adults age 50+ in working for nonprofit employers and looks at both their motivations for working in jobs with a social mission and the specific job characteristics desired. In addition, it examines the barriers to recruiting and retaining 50+ adults through the perspectives of older workers who might be interested in nonprofit careers and senior leaders already employed in nonprofit organizations. Also included are steps nonprofit employers can take — and are taking — to recruit and retain aging workers at all levels: senior executives, staff, and volunteers.

Finally, the review includes a brief overview of employer responses and best practices in the private and public sectors.

An Aging Population and Workforce

Baby boomers — the 77 million Americans born between 1946 and 1964 — make up 28 percent of the population. In contrast, the generation that follows, referred to as Generation X (born between 1965 and 1983), is only 38 million. Between now and 2030, the U.S. Census Bureau predicts that the number of Americans age 55 and older will almost double — from 60 million today (21 percent of the total U.S. population) to 107.6 million (31 percent of total U.S. population).

The aging baby-boomer population will have a dramatic impact on the American labor force. According to the U.S. Bureau of Labor Statistics, the labor force of workers 55 and older is anticipated to increase by more than 11.3 million by 2014 — four times the growth rate of the overall labor force and the fastest growth among all age groups. Of these, 7.6 million will be 55- to 64-year olds. In contrast, the number of 35- to 44-year-olds (those normally expected to move into senior management ranks) will decline by 2.8 million. Toossi (2005).

Crunching the Numbers: Impact on Nonprofits

Baby boomer retirements, projected to begin by the end of this decade, are coming at a time when the nonprofit sector is expanding rapidly and the need for its services is greater than ever.

Nonprofits may be hard-hit in certain industries, at senior management level

Current and projected labor shortages are affecting critical service sectors, including healthcare, social services, and education, in which nonprofit organizations are heavily represented.

For example, the Health Resources and Services Administration notes the nationwide shortage of nurses is at about 168,000 and, if current trends continue, could increase considerably. U.S. Department of Health and Human Services (2004). The National Association of Social Workers (NASW) has warned of an impending shortage of social workers affecting all Americans but especially children and older adults. In a recent national study, the NASW notes that in all areas of social work practice, agencies have resorted to outsourcing

and hiring non-professional staff to fill vacancies, an indicator of current labor market supply deficits. Whitaker, Weismiller, and Clark (2006). Critical shortages are also cited among geriatric mental health and substance abuse practitioners, reflecting both the increased demand for these services as the population ages as well as anticipated retirements or reductions in workload among baby-boomer professionals who deliver these services. Rosen (2005), Arehart-Treichel (2006).

The nonprofit sector is most vulnerable because of projected executive-level shortages and the sector's expansion, which will increase the demand for leadership skills. Numerous surveys indicate executive directors of nonprofits are planning to step down from their positions over the next five years. The most recent and comprehensive sector-wide analysis comes from The Bridgespan Group, which projects massive leadership shortages over the next decade as the nonprofit sector expands and baby-boomer executives plan to retire. Tierney (2006).

The report, which focuses on nonprofits with revenues greater than \$250,000, notes that:⁵⁶

- Over the next decade, nonprofits will need to recruit and develop 640,000 new senior managers, nearly two-and-a-half times the number currently employed. Leadership transitions for retirement or otherwise account for 55 percent of the increase, the growth in number of nonprofits make up 42 percent, and nonprofits' trend toward larger senior leadership teams accounts for the remaining 3 percent.
- By 2016, nonprofits will need almost 80,000 new senior managers per year, up from 56,000 needed in 2006. Skilled operations, financial, human resources, marketing, development, and communications executives will be in demand.

Nonprofit sector growth will intensify skill needs

The steady rise in the number of nonprofits, particularly larger ones with annual revenues over \$250,000, is a key factor contributing to the sector's leadership deficit. Between 1995 and 2004, these larger nonprofits grew from 62,800 to 104,700, an annual growth rate of almost 6 percent. While there are far fewer larger nonprofits than smaller ones, they are growing at a faster rate and will require even more skilled leaders.

Other factors that contribute to the sector's growth and emphasize the need for strong leadership include:

- increased donations;
- more foundations;
- increased emphasis on social entrepreneurship and corporate social responsibility; and
- government's increasing reliance on nonprofits to deliver public services.

Leadership skills will also be in more demand as board members, donors, regulators, and the public hold nonprofit organizations more accountable. Tierney (2006).

Two additional reports document the rapid growth in the nonprofit sector, which is outpacing growth in the rest of the economy. Salamon and Sokolowski (2006) note that the sector represents a significant and growing share of the nation's workforce: It employs far more people than generally recognized, outpaces employment in a number of major industries, and plays a particularly prominent role in such fields as hospital care, social assistance, and higher education. As of the second quarter of 2004, nonprofits employed 9.4 million workers and engaged another 4.7 million full-time equivalent volunteer workers for a total workforce of more than 14 million workers — representing 10.5 percent of the nation's total labor force. Other key findings include:

- Nonprofits have added jobs at a much higher rate than the rest of the economy: Between 2002 and 2004, the nonprofit paid and volunteer workforce grew by 5.3 percent, compared to an overall employment decline of 0.2 percent. Furthermore, nonprofit jobs increased even in regions where overall employment declined due to economic recession then underway, suggesting the "counter-cyclical" nature of nonprofit employment.
- While employment is spread among a wide variety of fields or subsectors, the bulk of jobs are concentrated in human services and, within that broad category, health services. Hospitals alone account for one-third of all nonprofit employment; other health providers, such as clinics and nursing homes, make up 21 percent; and other human services, including education and social assistance, make up 14 percent and 13 percent, respectively, of all nonprofit employment.

⁵⁶ Hospitals and higher education institutions are excluded due to their well-established infrastructures for recruiting and developing leaders and their distinctive funding mechanisms.

Nonprofits' budgets also increased at a much faster rate than the rest of the economy between 1994 and 2004, according to the Urban Institute (2007). While U.S. gross domestic product increased by less than 37 percent after adjusting for inflation, all three major financial measures of nonprofits (revenues, expenses, and assets) increased by at least 56 percent. Total assets rose most rapidly, increasing about 90 percent for both public charities and the sector as a whole. The vast majority of the nation's 1.4 million nonprofit organizations are 501(c)(3) public charities, which hold most of the sector's revenues and assets. From 1994 to 2004, the total number of nonprofits increased by 27 percent; in contrast, the number of public charities grew by 65 percent. Public charities include most arts, education, healthcare, and human services organizations.

Significant executive turnover is expected. Halpern (2006), in a selected review of workforce issues in the nonprofit sector between 1995 and January 2006, notes that executive turnover and transition has perhaps received the most attention, citing 10 studies on this topic conducted between 2001 and 2004. Several surveys, Teegarden (2004), The Annie E. Casey Foundation (2003), Hinden & Hull (2002), and Peters & Wolfred (2001) indicate that in the next five years a significant percentage (in several cases, a majority) of nonprofit executive directors plan to leave or retire in the next five years. Among the findings:

- In one of the most comprehensive surveys, funded by The Annie E. Casey Foundation and including more than 2,200 organizations, Teegarden (2004) notes that 65 percent of organizations expect a leadership change in the next five years and that 55 percent of executive directors are age 55 or older.
- The Annie E. Casey Foundation (2003) finds that, of the 129 organizations surveyed, 64 percent of the executive directors are over age 50, and 63 percent plan to leave within five years.
- Hinden & Hull (2002), citing earlier surveys conducted by The Annie E. Casey Foundation and others, note that 15 to 35 percent of executives plan to leave within two years, while 61 to 78 percent of nonprofit executives expect to leave within five years.
- Peters & Wolfred (2001) surveyed 1,072 organizations and found that 49 percent of the executive directors are over the age of 50 and that 75 percent plan to leave in five years, and more than a third (35 percent) are expected to leave in fewer than two years. While some of the sectors' current senior managers are leaving management and taking on governance, consulting, and volunteer roles, others are leaving the nonprofit sector for jobs in business and government.

Some executives may leave their organizations but not the sector

Most recently, Bell, Moyers & Wolfred (2006), in a follow-up to the earlier Peters & Wolfred (2001) survey, find that among nearly 2,000 executive director respondents, 75 percent plan to leave their organization in five years, the same as in 2001. Nine percent said they are actually in the process of leaving their jobs right now. However, the majority (71 percent) indicated their ideal next job would be in the nonprofit sector, working for another nonprofit (32 percent), a foundation (16 percent), or as a consultant (23 percent). In fact, only 13 percent said they are interested in for-profit or government jobs. Only 17 percent of respondents said retirement is their ideal next step.

Teegarden (2004), in a survey of 2,200 executive directors, also finds a majority (65 percent) intend to leave their positions by 2010. When asked about their future plans, however, 38 percent anticipate retirement or semi-retirement, while 21 percent plan to take another executive director job in the nonprofit sector, and 12 percent anticipate becoming a consultant. Again, a minority (11 percent) plans to move into a government or for-profit job. The author concludes that the nonprofit sector "is moving from relative stability to instability at the top."

In contrast, Bell, Moyers & Wolfred (2006), while noting that their study is not a longitudinal one, observe that the sector has not experienced "the inordinate disruption" due to executive departures anticipated in 2001.

Nonetheless, Tierney (2006) notes that even if the underlying assumptions used in his projections don't hold, leadership shortages could still be as high as 330,000. More likely, the author concludes, leadership needs may exceed the 640,000 estimate and be as high as 1.25 million, given past trends in the nonprofit sector. Those trends include:

- Increased reliance upon nonprofits
- Effects of the coming wealth transfer
- Sector consolidation leading to larger organizations, which will increase the need for skilled managers
- Increased executive burnout
- Competitive talent recruitment, which could accelerate undesired turnover

Impact on Nonprofits' Organizational Capacity

As the sector expands and the need for skilled leaders intensifies, nonprofit organizations face critical challenges that may affect their ability to carry out critical services to the communities they serve.

Succession planning and leadership development

Bell, Moyers & Wolfred (2006) note that many small and midsize nonprofits lack the “bench strength” or staffing depth to develop leaders inside the organization. Overall, just over half (52 percent) of executive directors say they’re actively developing one or more people on their staff to be a future executive director. In larger nonprofits with more than 100 staff, 75 percent say they are actively developing future executives, compared to 50 percent of executives at nonprofits with five to 10 paid staff.

In many small to midsize nonprofits, the executive director is also the chief financial officer and development director, and nearly half (47 percent) lack senior staff members. The majority of executive directors in these small to midsize nonprofits did not themselves “come up through the ranks” — only 27 percent were on staff prior to moving into an executive position, while 64 percent were hired externally. Even among larger organizations, internal hires are the minority: 42 percent of nonprofits with 100 or more paid staff are led by an executive who was on staff prior to taking the role. Despite the large number of executives contemplating transition, less than a third (29 percent) had discussed succession planning with their boards. Even among the 10 percent of executives leaving within a year, less than half (47 percent) report having discussed a plan for succession with their boards.

Tierney (2006) notes that, unlike private businesses, most nonprofits, even the larger ones, cannot afford meaningful career development opportunities for its younger managers. As a result, nonprofits generally fill senior management positions through external hires, while the majority of leaders in successful private businesses are promoted from within. Teegarden (2004) also finds the majority of executive directors were hired externally, although very few organizations used any kind of recruitment assistance. The most commonly used resource was an executive search firm (10 percent). Two earlier surveys confirm that a substantial percent or majority of executive directors are hired externally: Fernandopulle & Parsa (2002) find that, among 49 executive directors, 43 percent were hired externally. Wolfred, Allison & Masaoka (1999) indicate that 73 percent of 137 organizations hired their executive directors externally.

Inadequate knowledge transfer and mentoring

In interviews and listening sessions with younger Generation X leaders in nonprofit organizations conducted by The Building Movement Project, Kunreuther, Blain & Fellner (2004) note that many younger leaders see a lack of adequate mentoring, which means many important lessons and organizational practices are not being transmitted. In particular, they indicate that older leaders have not passed along the relationships they’ve had with foundation officers, and the younger leaders felt they needed assistance in making those connections. The authors note that literature on the role of mentors rarely focuses on those working in small nonprofits — yet this was a critical need for many younger leaders in small nonprofit organizations.

Diversity challenges

Despite the increasing presence of racial and ethnic minorities in the workforce, the survey by Bell, Moyers & Wolfred (2006) finds the executive directors at nonprofits to be overwhelmingly white (82 percent) — even higher than the 75 percent cited in their earlier 2001 survey. Even more troubling: Younger executives are just as likely to be white as their older colleagues, and newly hired executives are only slightly more likely to be people of color than the overall sample. Teegarden (2004) has similar findings: 84 percent of the executives are white. Kunreuther (2005) points to the need for developing strategies to support a more multiracial group of leaders that better reflect the communities nonprofits serve.

Capacity to carry out mission

A lack of a massive sector-wide response to leadership challenges will seriously affect organizations, as well as the communities they serve. Tierney (2006) cites an estimate from Boston College’s Center on Wealth and Philanthropy that, during the next 30 to 40 years, \$6 trillion in charitable bequests are expected to flow to the nonprofit sector as wealth is transferred from the baby-boom generation to its heirs. “Should the nonprofit sector be unable to fill its looming leadership deficit, much of that money will not be put to its best use and society as a whole will be the poorer,” notes Tierney (2006).

Opportunities for Nonprofits

Anticipated retirements of baby boomers, leadership transitions, and sector growth will no doubt cause critical human resource challenges in nonprofit organizations. However, there are a number of factors that point to opportunities for nonprofit employers.

Changing retirement patterns

This factor has to do with the characteristics of baby boomers expected to retire. Not only is this a huge population compared to previous generations, it is also more educated, healthier, and wealthier than any preceding generation. Many of these boomers say they expect to work in some capacity during retirement.

Tapping into other sectors' talent pools

Furthermore, large numbers of retirements are expected in government and the private sector, and many of these retirees possess the professional and management skills required by the expanding nonprofit sector. In particular, a massive exodus of government workers is expected. According to the Partnership for Public Service, the federal government is projecting the departure of more than 550,000 workers during the next five years, and approximately 300,000 of these departures will be experienced retirees. Steir (2006). Among those retiring will be human resource professionals, a critical skill need in nonprofits. Partnership for Public Services (2006). Nonprofits could tap into the talent pool that will be created by these retirements, especially because many boomers expect to work in retirement but not necessarily with their current employer. AARP (2002). In addition, potential recruits include those nonprofit executives who may leave their current jobs but express interest in working for another nonprofit organization.

The intersection of work and volunteering

In general, baby boomers today are volunteering at higher rates than any other age group, with nearly one-third volunteering in 2006; they are also volunteering more than did previous generations at about the same age. Foster-Bey, Grimm, Jr., and Dietz (2007). A factor that works to the advantage of the nonprofit sector is the connection between work and volunteering. Brown (2003) shows that about half (51 percent) of working adults age 45+ say they volunteer. Corporation for National and Community Service—RTI International (2005) note that baby-boomer volunteering is highest among those who work part-time. Almost half (46.3 percent) of all boomers who work part-time also volunteer. Thus, nonprofits may reap the benefits of boomers' work and service contributions.

Many studies show that boomers plan to work in retirement, often with a preference for flexible schedules, which may leave time for volunteer service as well. "Targeting boomers through their place of work may be a key to inducing boomers, and especially those with professional skills, to devote some of their time and talents to volunteering at nonprofit organizations." In addition, nearly a quarter (23 percent) report they provide professional and managerial services

in volunteering. Corporation for National and Community Services—RTI International (2005).

Johnson et al. (*50+ Volunteering*, 2004) agree, noting that "workplace volunteering has become a popular alternative for busy employees and their companies. It allows companies to better their communities while simultaneously building employee teamwork skills, building morale, improving corporate public image, and meeting strategic goals." While many businesses promote one-time or episodic volunteering arrangements, others have designed more regular, longer-term programs. For example, in Wachovia Bank's "Time Away from Work for Community Service" program, employees can take four hours of paid time each month to volunteer in community service or educational roles.

Prisuta (2004) also cites evidence that paid work among boomers and retirees does not preclude volunteering and may encourage or lead to volunteering. Volunteering generally peaks in midlife and then gradually declines in older ages. The author points to several studies showing that volunteering typically does not replace paid work among retirees: "Moreover, connections to the workplace can contribute to a broader social network, increased economic security, and better access to health care. These conditions in turn contribute to a greater propensity to volunteer."

There is less evidence that volunteering leads to paid work. However, the latest research from National Council on Aging—The Atlantic Philanthropies (*Promising Practices*, 2006), which describes numerous programs that are facilitating older adults' transition into more professional volunteer roles, includes some cases in which volunteering leads to paid work, such as the Retired Social Workers program and the Legacy Leadership Institutes of the University of Maryland Center on Aging. (See box on p. 38).

Interest of Adults 50+ in Working for Nonprofits

A succession of recent surveys leave little doubt that significant majorities of adults 50+ are interested in working in some capacity — full-time or part-time — beyond what would be normally considered the "retirement" years. Several suggest that the baby boomers' vision or definition of retirement looks very different than their parents' retirement experiences. For example, Merrill Lynch, Harris Interactive, and Age Wave (2005) finds 76 percent of boomers intend to keep working and earning in retirement, on average expecting to "retire" from their current job or career at around age 64 and then launch into an entirely new job or career. MetLife Foundation—Civic Ventures (2005) indicate that 66 percent of working adults over 50 expect to work in retirement. And more than half (53 percent) agree that retirement is a time to

begin a new chapter in life by being active and involved, starting new activities, and setting new goals. Brown (2003) finds a similar proportion (nearly 70 percent) of workers who plan to work in their retirement years or never retire.

Specific interest in nonprofit jobs

The strongest evidence to date that older adults would be interested in nonprofit jobs and careers — both now and in retirement — comes from MetLife Foundation–Civic Ventures (2005). Previous studies in the field of civic engagement and aging confirmed a strong interest among aging boomers in giving back to their communities through volunteering in retirement — not just in traditional service roles, but also in more professional and managerial roles. Prisuta (2004), Hart (2002), and Johnson et al. (*Reinventing Aging*, 2004). The MetLife Foundation–Civic Ventures (2005) survey is the first, however, to find that boomers, while interested in volunteering, “are even more ready to give back to their communities through work in retirement.”

Survey results concluded that significant portions of baby boomers in their 50s and pre-boomers in their 60s want jobs that not only are personally satisfying, but also help others and improve the quality of life in their communities. The nationwide survey of 1,000 adults ages 50 to 70, including both pre-retirees and current retirees, probed respondents about the types of work they desire, what they want to accomplish through work after the traditional working years, and their reasons for working. Half of the respondents ages 50 to 70 say they are interested in taking jobs, now and in retirement, that help improve the quality of life in their communities. Among those currently working, who might be thinking of changing jobs, interest is even stronger: 62 percent are interested in careers of service. And leading-edge baby boomers (ages 50 to 59) are especially interested, with 58 percent voicing interest in these types of jobs, and 21 percent saying they are very interested.

Among the more than half (53 percent) of adults ages 50 to 70 who may work in retirement:

- 78 percent are interested in working to help the poor, elderly, and others in need
- 56 percent are interested in dealing with health issues, whether in a hospital or with an organization fighting disease
- 55 percent are interested in a tutoring or another educational position
- 45 percent are interested in working for a youth program

When survey respondents were asked in open-ended questions to indicate the types of jobs they would want in retirement, their responses varied widely. But two out of three jobs mentioned fall into the category defined by Civic Ventures as “good work,” which combines “the seriousness and income associated with a job and the passion and purpose of service.” While 10 percent mention retail jobs, 8 percent cite working in education, and another 8 percent mention working in social services.

Similarly, when asked about job characteristics and specific occupations pre-retirees would most likely consider in retirement, more than half (54 percent) said they view helping other people as a “very important” characteristic of the type of work they were seeking. Brown (2003). When asked about job preferences, teaching topped the list. Twice as many people (6 percent) selected teaching, as compared to retail sales (3 percent) or consulting (3 percent). Nursing (2 percent) and other health services work (2 percent) also ranked among the top 10 most preferred post-retirement jobs.

Reasons for working

MetLife Foundation–Civic Ventures (2005) shows clearly that older adults want jobs that provide additional income, but they also want jobs that keep them involved with others and provide a sense of purpose. The following aspects of work were considered to be very important to most adults ages 50 to 70 who may work in retirement:

- Staying involved with other people (59 percent)
- Job giving them a sense of purpose (57 percent)
- Job providing additional income (52 percent)
- Putting job skills and life experiences to use (52 percent)
- Job providing opportunity to help improve quality of life (48 percent)
- Trying something totally different (30 percent)

On several of these motivational factors, the survey did not find many differences among specific age groups within the 50- to 70-year-old population. However, when questioned on their interest in finding careers in service now or in the future, interest was strongest among the youngest boomers ages 50 to 54 (66 percent) and diminished somewhat by age: ages 55 to 59 (49 percent), ages 60 to 64 (41 percent), and ages 65 to 70 (30 percent).

However, MetLife Mature Market Institute, David DeLong & Associates, and Zogby International (2006) finds that the motivations for working in retirement clearly varied according to three specific age groups of older adults. The need for income was the primary motivation for working among adults ages 55 to 65. However, other non-financial reasons predominated for the oldest group, ages 66 to 70, and the factors cited are very similar to those reported in MetLife Foundation–Civic Ventures (2005). Motivations for working in retirement among the three age groups include:

Ages 55–59

- Need for income to live on (72 percent)
- Desire to maintain lifestyle (43 percent)
- Build additional retirement savings (41 percent)

Ages 60–65

- Need for income to live on (60 percent)
- Stay active and engaged (54 percent)
- Do meaningful work (43 percent)

Ages 66–70

- Want to stay active and engaged (72 percent)
- Want the opportunity to do meaningful work (47 percent)
- Enjoy social interaction with colleagues (47 percent)
- Need income to live on (37 percent)

Job characteristics desired

MetLife Foundation–Civic Ventures (2005), while showing that both leading-edge baby boomers and older adults ages 60 to 70 are definitely interested in nonprofit jobs in retirement, indicates “they do not want to necessarily continue the 9-to-5, Monday-through-Friday grind after three decades of work or more in the workforce.” They also do not want to lose Social Security or pension benefits accrued over decades of work. These older adults say they would be very likely to work in retirement if their nonprofit jobs allowed them to:

- Collect pension or Social Security benefits without penalty (63 percent)
- Work part-time (58 percent)
- Work flexible schedules (56 percent)
- Get healthcare benefits (55 percent)

- Get a tax break to work in a specific field such as education (39 percent)
- Get training for new skills (34 percent)

Other surveys from the private sector also show that flexible work schedules, health benefits, and learning opportunities are among the most important job characteristics desired by older adults interested in working in retirement.

Importance of flexibility for recruitment When respondents were probed about their ideal work arrangement in retirement, Merrill Lynch, Harris Interactive, and Age Wave (2005) finds the two most common choices among boomers would be to repeatedly cycle between periods of work and leisure (42 percent), followed by part-time work (16 percent).

Brown (2003) notes that, among working retirees and pre-retirees planning to work in retirement, at least half of the respondents cite the following as very important features of work desired:

1. Employee opinions valued
2. Working for a company that lets older employees remain employed for as long as they wish to work
3. Able to take time off to care for relatives
4. Able to set their own hours, good health benefits
5. Health benefits for retirees

More than half rated the following job attributes as either “very important” or “important”: being able to work a reduced schedule before completely retiring, good pension plan, and being able to work from home.

Importance of flexibility for retention Brown (2003) also finds that the majority of older workers who don’t plan to work in retirement say they would consider work in retirement if their employer provided flexible scheduling options, such as employees being able to set their own hours or phase into retirement.

Parkinson (2002) indicates that part-time schedules would be the only inducement that might influence employees planning to retire to remain with the company.

Bond, Galinsky, and Pitt-Catsouphes (2005) concludes that employers that want to retain older workers should consider flexible work options, since the majority of mature men and women want to work fewer hours than they currently do.

Interest in learning and training Brown (2003) finds that more than half of respondents rated having new experiences and learning new skills as “very important” job attributes.

Parkinson (2002) indicates that two-thirds of respondents age 50 and older want more training and leadership development opportunities. More than 75 percent of respondents say they have the same level of intensity approaching their jobs as they did when they were younger. In fact, 46 percent say they have not yet reached their career goal. While 72 percent feel capable of taking on more responsibility, only 38 percent say they would like to do so; instead, they would prefer “job enrichment.”

Barriers to Recruiting, Hiring, and Retaining 50+ Adults in Nonprofit Jobs

Perspective of workers

What do older workers think when asked about possible barriers to working in retirement? Despite their strong interest in finding nonprofit jobs, when adults age 50 to 70 were asked how easy or difficult this would be, MetLife Foundation–Civic Ventures (2005) notes nearly half say they think it would be difficult (31 percent) or very difficult (17 percent) to find such jobs. In a separate question, respondents were asked to cite specific barriers that might prevent them from working in retirement. Poor or declining health was the number-one obstacle cited, with 53 percent indicating this as a major reason. Merrill Lynch, Harris Interactive, and Age Wave (2005) also indicates that the unpredictable cost of illness and healthcare is by far boomers’ biggest fear, finding that baby boomers are three times more worried about a major illness (48 percent), their ability to pay for healthcare (53 percent), or winding up in a nursing home (48 percent) than they are worried about dying (17 percent).

Other major concerns cited in MetLife Foundation–Civic Ventures (2005) that could stand in the way of recruitment:

- Family or personal obligations, such as caring for a parent, spouse, or relative (32 percent)
- Unfulfilling work (35 percent)
- Inflexible hours (31 percent)

About one in five (22 percent) say they may have difficulty finding the kind of work they want to do, while 19 percent say inadequate pay would be a major reason for not working in retirement.

Generation & Gender in the Workplace by Families and Work Institute (2004) reveals a declining interest in career advancement across generations, including college-educated men and women of generations Y and X and boomers. The report examined data from 1992, 1997, 2002, and 1977 and found a downward trend significantly related to the desire to work fewer paid and unpaid hours, feeling overwhelmed, and negative spillover of work into personal time. The study addresses the negative effects of overwork on organizations and employees. This finding echoes an observation in Harvard–MetLife Foundation (2004) that “extreme overwork, fatigue” could deter retirees from seeking new work roles.

Another major barrier that might discourage older workers from even attempting a job search is perceived age discrimination. (See p. 32 for a more detailed discussion of age discrimination as a barrier.)

Perspective of senior leaders

With regard to factors affecting retention of current nonprofit employees, Bell, Moyers & Wolfred (2006) find that executive directors’ negative perception of the board of directors is strongly associated with executive director burnout and turnover: “While the majority (65 percent) of executives feels personally supported by their boards, most don’t appear to be experiencing strong strategic partnerships.” Among the key findings: Executives who are dissatisfied with their boards are twice as likely to be planning near-term departures as those who have positive perceptions of their boards. Only one in three executives agrees strongly that their boards challenge them in ways that increase their effectiveness; and only one in three agrees strongly that staffs view the board as an engaged leadership body. If executive-level jobs are perceived as “bad jobs” by those outside the sector who might otherwise be interested in nonprofit jobs, this would also adversely affect recruitment of new candidates.

Frustrations with institutional funders were also high, with only one in three executives agreeing strongly that their funders have a good understanding of the nonprofit executive job. And while the data may suggest some ambivalence about directors’ perceptions of their board of directors, the authors note that survey responses and focus group discussions suggest an even “deeper dissatisfaction, even anger” about the role of funders in institutional fundraising, succession planning, and program development.

Executives are also very unhappy about their salaries: Those dissatisfied with their compensation are twice as likely to leave within the year as are executives who are satisfied with their salaries. Nearly two in three believe they have made a significant financial sacrifice to do the work, with executives at small and midsize organizations most likely to believe so.

Employer barriers

Despite the high levels of interest expressed by boomers in pursuing work in nonprofit organizations, whether in paid or volunteer roles, recent studies and reports suggest that most nonprofit employers are neither ready nor willing to tap the potential of the baby-boom talent pool. The majority of nonprofits currently lack the organizational capacity, resources, and interest in harnessing the skills and expertise of older workers, and, in the view of many researchers and experts in the field, these are viewed as serious impediments to change. Among the specific obstacles noted are:

- cultural barriers related to attitudes of nonprofit leaders, boards, and funders;
- limited recruiting networks;
- lack of human resources expertise;
- intergenerational tensions; and
- other diversity challenges.

Attitudinal barriers

In a survey of more than 800 local officials affiliated with 20 of the nation's leading nonprofit organizations, National Council on Aging–The Atlantic Philanthropies (*RespectAbility Web Survey*, 2005) notes that local executive directors, program directors, and volunteer coordinators showed little interest in improving their organizations' capacity to attract and retain older adults as workers or volunteers. Among the local affiliates of nonprofits participating were Big Brothers Big Sisters, Boys & Girls Club of America, Girl Scouts USA, Salvation Army of the United States of America, and YMCA of the USA. Officials appeared to be preoccupied with daily operational issues and addressing the growing needs for services and resources for sustainability, the authors note.

About half of respondents have no system in place to screen, assess, or place older volunteers. About one-third said their organizations would be unprepared to improve their engagement of older adults as volunteers, even if all the barriers were removed. Lack of staff (mainly, a volunteer coordinator) and staff training appear to be key barriers to implementing such practices as:

- Development of new service opportunities and roles
- Recruitment, screening and assessment, and placement
- Orientation and training
- Performance feedback/evaluation

Meanwhile, the overwhelming majority (91 percent) could not comment on any practices instituted by their organizations to hire older adult workers. (The authors do note, however, that the findings can only be generalized to the sample size of 20 national nonprofit organizations, which self-selected to participate, and not to the overall nonprofit sector. The CEOs of these 20 national nonprofits developed an invitation list of affiliate leaders from their network to complete the survey.)

Local officials and volunteer coordinators showed little confidence in the leadership abilities of older adults, and generally viewed them in traditional volunteering roles (service providers) rather than in professional or strategic leadership roles. According to the report, the business case is not evident to national and local leaders that older adult volunteers or retention of older workers is directly related to their organizations' success.

Johnson et al. (*Reinventing Aging*, 2004) note the lack of comprehensive studies that examine the capacity of organization's infrastructure to support older adult volunteers or its ability to involve aging baby boomers in new volunteer roles. However, drawing upon several well-supported observations, they point to the growing disparity between the capacities and interests of this population and the "limited menu" of volunteer opportunities available. Inadequate volunteer management is also cited as one of the three most common barriers to recruiting boomer volunteers. Boomers are not only seeking well-managed volunteer experiences, they are looking for "new and innovative programs that provide camaraderie, learning opportunities, and personal and professional development." The other two obstacles cited: (1) boomers' time constraints and (2) lack of targeted promotion efforts that advertise the benefits of older adults' civic engagement.

Many established and well-managed volunteer organizations have not been able to absorb large numbers of new volunteers, and national organizations' cited concerns are the high initial investments in time and resources required to: promote new programs, train local agencies, and tend to the volunteers and projects. Community-based agencies also cite the excessive amount of time and resources required to design the types of challenging volunteer roles sought by boomers and overworked staff members have little time to devote to this activity. Johnson et al. (*Reinventing Aging*, 2004).

Limited recruiting networks

With the impending leadership shortages predicted at nonprofits, retiring baby boomers could provide a much needed source of expertise. Tierney (2006) notes, however, several factors that block the kind of aggressive and creative recruitment needed to reach this talent pool. Unlike private businesses, which can afford sophisticated management development programs and cultivate leaders internally, most nonprofits — even the larger ones — lack such resources and are forced to recruit outside their organizations. Traditionally, boards, funders, and donors have viewed recruitment and career development expenditures as “wasteful overhead.”

Bell, Moyers & Wolfred (2006) confirm that many small and midsize nonprofits lack the staffing depth to develop leaders internally — only half of executive directors said they are actively developing a future executive director. Due to the high costs of executive searches, Tierney (2006) notes, nonprofits have traditionally depended upon small, informal networks of friends or acquaintances for its leadership talent. That kind of informal networking, the report argues, will not produce all the leaders needed in the coming decade.

Inadequate human resources management

Older adults have indicated their interest in working in jobs with a social mission, but they want well-designed jobs that provide flexibility, training, and benefits. Halpern (2005) notes that human resources management is not strong in the majority of nonprofits and points to numerous studies indicating high levels of burnout and turnover among non-leadership staff positions. One factor that may be contributing to these problems is the lack of professional human resources units in nonprofits. The research suggests the required HR expertise to develop and deliver those resources is a missing ingredient in most nonprofit organizations.

Peters et al. (2002) find that of 425 San Francisco Bay organizations, 82 percent have someone other than a human resources specialist in charge of human resources administration, such as an executive director or administrative assistant.

On its newly designed online Nonprofit Human Resources Center, Idealist.org notes the combination of factors that make HR management in the nonprofit sector unique and especially challenging:

- Its use of unpaid, as well as paid, staff
- Limited resources

- Lack of affordable training
- High turnover
- Staff burnout

Nonprofits are mission-driven rather than market-driven; they must staff high-risk programs and are subject to intense scrutiny, and they need to recruit employees who not only exhibit a sense of passion and commitment to nonprofit goals, but who also possess the requisite skills and experience.

Inadequate volunteer management is cited by Johnson et al. (*Reinventing Aging*, 2004) and National Council on Aging (2005) as a significant barrier preventing more professional levels of volunteer involvement among boomers and older adults. The National Council on Aging (2005) notes that to tap the potential contributions of older adults, human resources specialists are needed to develop well-designed positions in volunteer, as well as paid, roles. The current role of a volunteer coordinator “may be too narrow or limited a position with insufficient authority to engage the leadership or to offer continuing justification for a strategy in this area.” Johnson et al. (*Reinventing Aging*, 2004) notes that negative first impressions could discourage boomers “looking not only for increasingly organized and well-managed volunteer experiences, but also for new and innovative programs that provide camaraderie, learning opportunities, and personal and professional development.”

The Independent Sector and Urban Institute (2002) report that the nonprofit sector has a higher average annual turnover rate (3.1 percent) than both the private (2.7 percent) and public sectors (1 percent). In a survey of 1,140 nonprofit employees, Light (2002) finds that nonprofit employees surpassed their federal and private-sector counterparts in dedication to their organization’s mission, motivation, and commitment. Yet the survey provides evidence that the nonprofit sector is lagging in its ability to provide access to the information, training, technological equipment, and personnel necessary for employees to perform their jobs.

The lack of resources in the nonprofit sector may explain why approximately 71 percent of respondents either agree or strongly agree that it is easy to burnout on the job and that they always have too much work to do. Half say their organization only sometimes or rarely provides enough employees to do their job well. Half describe their organization’s hiring processes as slow. A majority rates the quality of frontline employees as somewhat competent or less, and almost as many say the same of their board. “The nonprofit sector can only win the war for talent in the coming years by giving its workers what they want most — not just the chance to accomplish something worthwhile, but the resources to do so.” Light (2002).

Intergenerational tensions

Kunreuther Blain, and Fellner (2004) reveals some differences in the views and work styles of older and younger generations in the nonprofit sector that could present potential barriers to smooth leadership transitions. Younger leaders feel their contributions are undervalued by older leaders and are frustrated by baby boomers' lack of recognition of their efforts. They also cite a lack of adequate mentorship and broader intergenerational dialogue, which prevents organizational knowledge and experience being passed along to the younger generation. Younger leaders also report feeling squeezed between older leaders who are not leaving and an even younger generation who wants to advance quickly, but, at the same time, they understand the challenges boomers face, including lack of retirement funds and an absence of lateral roles to move into for the next stage of their careers. Kunreuther (2005).

Executives in focus group discussions conducted as part of the Bell, Moyers & Wolfred (2006) study believe that younger leaders will expect higher salaries and more work-life balance — things that may be difficult to provide in small and midsize nonprofits. Another potential barrier to a smooth executive transition is that many older executives may not retire soon. Two-thirds of respondents older than 60 anticipate staying in their current roles for three or more years, and 12 percent anticipate staying for more than five years. Kunreuther (2005) argues that older leaders' financial constraints may prevent them from viewing their transitions as viable — a potential stumbling block to an effective leadership handoff.

Other barriers

Other significant barriers, while not specific to the nonprofit sector, could adversely affect nonprofits' retention and recruitment of mature workers. These include age discrimination and legal barriers.

Age discrimination The International Longevity Center (2006) reports that age discrimination in hiring, believed to be the most common form of discrimination faced by older workers in the workplace, may also be the most difficult to prove. The Equal Employment Opportunity Commission reports that since 1999 the number of age discrimination lawsuits has risen a total of 41 percent. Muson (*Valuing Experience*, 2003).

Numerous surveys indicate significant percentages of older workers perceive they have been treated unfairly in the workplace: AARP (2002) notes that 67 percent of workers age 45+ believe age discrimination exists in the workplace, and 60 percent believe older workers are the first to go when cuts are

made. And MetLife Mature Market Institute, David Delong & Associates, Inc., and Zogby International (2006) found age bias as the most frequently cited reason for an unsuccessful job search among the oldest group of workers: ages 66 to 70 (60 percent), ages 60 to 65 (42 percent), and ages 55 to 59 (39 percent).

Other surveys show that employees of all ages believe some form of age discrimination exists in their workplaces: In a national survey of over 10,000 workers, Hudson (2005) found that 23 percent knew of a worker who had been denied a job, promotion, or raise because of age. Reynolds et al. (2005) report that 44 percent believe older workers are treated unfairly when employers are making hiring decisions. Randstad (2006) finds 70 percent of employees of all ages believe their company does not value older workers.

In a survey of 150 senior human resources executives by Parkinson (2002), a little over a third (34 percent) say their companies offer training to older workers as an incentive to keep them; 12 percent say their companies use job rotation as a potential motivator for learning and growing; 17 percent report fewer promotion opportunities for mature workers; and 11 percent admit mature workers get fewer challenging assignments.

Peter Cappelli, director of the Center for Human Resources at University of Pennsylvania's Wharton School of Business, notes that the resistance older workers face in the workplace may be even worse than for women, African-Americans, or other groups: "We know that there are many prejudices against older workers in the economy — concerns that they will not be willing to take wages lower than they had earned previously, worries that their abilities have declined (there is no real evidence for this view, by the way), fears that younger managers will not be able to supervise them, and so on." Cappelli (2005), as cited in MetLife Foundation–Civic Ventures (2005).

According to Dr. David Wegman, an expert on aging and the work environment, while older workers may experience some cognitive limitations, they can often compensate for those by drawing upon their experience or wisdom. Parkinson (2002).

Legal barriers Employers offering benefit programs must navigate and comply with a complex maze of three statutes: the Tax Code, the Employee Retirement Income Security Act of 1974 (ERISA) and the Age Discrimination in Employment Act (ADEA), plus their own defined benefit pension plan provisions. In many instances, legal restrictions are preventing companies from implementing phased retirement programs and other best practices that might attract mature workers to

reenter or remain part of the workforce. Morton, Foster, and Sedlar (2005) and Penner et al. (2003).

Morton, Foster, and Sedlar (2005) notes that many of these pension plans, for example, discourage work past the normal retirement age and may need to be restructured. ERISA, which requires uniform treatment for all employees in accordance with the plan, restricts companies in making special arrangements with key individuals whose knowledge and skills need to be retained. ADEA requires benefit rules that do not discriminate against mature workers. And the Tax Code has restricted employees' receipt of benefits before retirement.

Penner et al. (2003) note that phased retirement programs, while often available to state and local government workers and tenured faculty in higher education, are rare in the private sector. However, as noted in Morton, Foster, and Sedlar (2005), recent proposed changes to the Tax Code may encourage employers' use of phased retirement plans. If enacted, the changes make it easier for workers older than 59.5 to draw a partial pension and hold a part-time job with the same employer. The program would be voluntary for employers and employees and cover traditional defined benefit pensions. *(Note: Since the publication of Morton, Foster, and Sedlar (2005), the Pension Protection Act, which allows older workers to work part-time and collect pension benefits, was passed. See page 36 for further discussion.)*

Steps Nonprofit Employers Can Take

Literature that includes recommendations to attract and retain potential boomer recruits to nonprofit organizations falls into two major categories: (1) recruitment and retention of senior executives and (2) recruitment and retention of non-leadership staff and volunteers (through creation of new job and volunteer opportunities). A number of reports and articles include recommendations on how nonprofits can reach out to potential boomer recruits and better support current boomer employees.

Recruiting and retaining senior executives

Invest in senior management recruitment and development Both Tierney (2006) and Bell, Moyers & Wolfred (2006) offer several recommendations on how funders, board members, and senior managers can enhance recruitment efforts and build strong management teams. Tierney (2006) notes that the bulk of foundation support is earmarked for specific programs: Only 20 percent of all foundation funding in 2003 was devoted to general operating support. In effect, that has restricted funds nonprofit organizations could allocate for leadership development and human resources management. Foundations need to understand the critical nature of

building leadership capacity and ensure that their financial and other support for grantees includes leadership development resources.

Bell, Moyers & Wolfred (2006) also urge funders to: (1) better understand the connection of unrestricted funds and multiyear support to executive directors' job effectiveness, (2) ensure leadership development programs include strategies for reducing the job overload of participants, and (3) increase support for executive transition planning and revisit current practices for grantees in transition. In some instances, funders have withheld support due to a leadership change, which only exacerbates the transition process.

Tierney (2006) notes that CEOs of successful businesses devote over half their time on people-related issues, while executive directors of nonprofits tend to spend the majority of their time on fundraising. The report recommends that "executive directors and other leaders within nonprofits shift significant time to performance reviews, mentoring, training, succession planning, recruiting, and other human resource functions."

Strengthen and promote succession planning Bell, Moyers & Wolfred (2006) offer several recommendations to build and improve succession planning processes as a way of ensuring an executive pipeline of talent: Board members need to bring succession planning into the annual executive evaluation discussion. Executives must strengthen the leadership abilities of managers to develop a team approach to leadership and ensure potential successors. Capacity-builders or consultants can help executives and boards see the value in succession planning and promote it as an ongoing best practice rather than a crisis-management strategy.

Increase management compensation and benefits To attract qualified candidates for senior management positions, nonprofits may need to redesign their pay and benefit packages. Recommendations from Tierney (2006) focus on executive compensation. He notes that the nonprofit sector faces an increasingly competitive market for executive talent, and executive leaders face increasingly complex job challenges. Nonprofits will need to offer higher salaries to attract the needed talent. For example, increasing the pay of a chief operating officer from \$70,000 to \$90,000 would increase the pool of qualified candidates with experience running more complex organizations. Boards should directly address issues that have hampered efforts to increase executive pay, such as legal restrictions and the public's perception that nonprofit leaders are already overpaid. At the same time, however, they need to match increased pay with increased accountability.

Explicit goals and formal performance reviews are two tools to ensure that performance meets expectations.

Bell, Moyers & Wolfred (2006) recommend funders encourage grantees to pay their executive directors reasonable salaries and improve benefits — and offer grant support at levels to realize that goal. They note that half of survey respondents had no retirement accounts, and most believed their successors would require higher salaries. “Low salaries for executive directors contribute to stress and burnout, create a low salary ceiling for other senior employees, affect the caliber and diversity of applicants for positions, and create sudden financial potholes when organizations going through transition need to offer a competitive salary to attract a candidate.”

Develop new flexible work models Simms (2005) notes that developing new flexible and part-time work models may be the key to attracting older workers into executive and management roles in nonprofit organizations. Tierney (2006) notes that experimentation with part-time positions, flexible career paths, job sharing, training, and mentoring can open up new sources of leadership for nonprofits as well as increase the diversity of their workforce. Morton, Foster, and Sedlar (2005) cites the example of MITRE Corporation, a not-for-profit technology firm chartered to work in the public interest, which offers extensive, continuous training and in-house lateral moves for its mature workers, many of whom are highly skilled in systems engineering and information technology.

Expand recruiting networks To reach workers age 50+, nonprofits will have to expand their recruitment networks to include groups that have been systematically overlooked because of their lack of social-sector connections. Tierney (2006). Among the groups cited: experienced business managers and government leaders, military officers transitioning to civilian life, and women reentering the workforce. Bridgestar, a nonprofit talent matching organization for senior executives, is considering a new kind of talent-matching service to connect nonprofits that need part-time executives for specific functions with adults 50+, women reentering the workforce, and others interested in less than full-time work. Simms (2005).

Recruiting and Retaining Staff and Volunteer Employees

Specific steps

Professionalize volunteer management and human resources function

Halpern (2005) cites several studies that address human resource problems. Ban et al. (2003) recommends that nonprofit organizations create or professionalize current human resources units, involve senior staff in human resources training, and use external resources, such as consultants. Peters et al. (2002) recommend strategies to recruit and retain talent, including examining:

- Current organizational salaries and benefits
- Organizational culture
- Job definitions
- Professional development opportunities
- Performance management systems

Organizations must plan for departures, hires, and vacancies as a constant organizational reality and minimize the impact of vacancies by budgeting for turnover and initiating a process of succession planning.

Both National Council on Aging (2005) and Harvard–MetLife Foundation (2004) recognize the need for professional volunteer management and acknowledge that local nonprofits lack adequate resources for this. NCOA notes HR specialists are needed to attract and effectively deploy 50+ adults into meaningful roles — both paid and unpaid — that adequately match their skills and interest. Johnson et al. (*Reinventing Aging*, 2004) notes boomers are likely to evaluate volunteer opportunities “through the lenses of their career experiences” and suggests new service roles should accordingly reflect a level of professionalism. The greatest challenge may be, the authors note, creating these new, more dynamic roles alongside more traditional volunteering opportunities, such as assisting with administrative duties. A national program is needed to train and certify volunteer coordinators or human resources development specialists, establish standards, and enhance recruitment and retention strategies. Specific programs in recruitment, screening, placement, training, roles, management, retention, and recognition could be developed. National Council on Aging (2005), Harvard–MetLife Foundation (2004).

Similarly, Harvard–MetLife Foundation (2004) suggest new mediating institutions or third parties may be needed to handle recruitment, training, and referral of boomer volunteers. The authors also call upon national nonprofits in public health, social services, youth development, aging, and education to take a lead role in helping local affiliates identify and develop volunteer opportunities.

Develop more flexible, high-impact opportunities for volunteering Harvard–MetLife Foundation (2004)

recommend nonprofits offer a broad set of options, ranging from one-time or episodic opportunities that enable older adults to “test the waters and shop around to sustained and intensive commitments.” National Council on Aging (2005) reports progress toward this step: A majority (64 percent) of local organizations surveyed say such episodic options are available and include, for example, one-time projects or special volunteer days. Sixty-nine percent also feature “steady” opportunities, which suggest traditional volunteer opportunities are working alongside flexible, short-term, and episodic arrangements. As a way to attract and retain boomers, Johnson et al. (*Reinventing Aging*, 2004) recommends targeted program development and outreach techniques that tap into boomers’ desired interests as sophisticated activists that want to give back, workers who want professionally managed programs, and consumers who want a multiplicity of options.

One example of a project-based program that appeals to volunteers’ professionalism is a technology initiative, created by the Volunteer Center in Columbus, Ohio, that has been designed and is run by a team of volunteers. The team is assessing the Center’s IT requirements and building a system that will enable the organization to meet its growing technology needs. Johnson et al. (*50+ Volunteering*, 2004).

Johnson et al. (*50+ Volunteering*, 2004) offer specific tips on how to design high-level volunteer positions: Design and frame projects as if you were engaging consultants or project managers; establish a “volunteer track” that provides opportunities for advancement and rewards increased accomplishments with increased recognition and responsibility; and offer incentives, such as learning opportunities, putting career skills to use, or reductions on prescription drugs, education credits, or small monthly stipends.

Create a new national service to engage older adults on executive and professional levels National Council on Aging (2005) recommends creating a national service, initiated by NCOA and/or other organizations, to recruit and deploy executive volunteers as board members and promote ways of incorporating other highly skilled volunteers and workers into local nonprofits’ operations. Currently, local organizations have strategies in place to recruit writers, Web designers, or accounting professionals. National publicity of such initiatives can illustrate how these new, expanded definitions of volunteerism and paid employment benefit local organizations.

Organize large-scale efforts to involve adults 50+ on a community-wide basis Towns and cities should consider

organizing large-scale, volunteer-based initiatives that would involve adults age 50+ and people of all ages in identifying and responding to some of the community’s most pressing problems. Harvard–MetLife Foundation (2004). Such efforts could tap the leadership skills of older adults working in teams who design initiatives and then offer other volunteers a continuum of opportunities for involvement.

One example is the NCOA Wisdom Works Initiative, designed to increase civic engagement by older people working in self-directed volunteer teams to address community needs. The program, which involved the launch of eight one-year pilot projects in communities across the country, produced new opportunities for older adults and successful results. The project yielded some important lessons: for example, a one-year time frame is insufficient given the amount of time needed for recruitment, training, team building, and implementation. National Council on Aging–MetLife Foundation (*Wisdom Works*, 2005).

Develop and share best practices on a national basis National forums in which local officials share examples, case studies, and insights could help tap the potential of adults age 50+ and shape new modes of engaging them in both volunteer and paid roles. National Council on Aging–The Atlantic Philanthropies (*RespectAbility Web Survey*, 2005). Among the examples cited: disseminating effective stories of flexible volunteering opportunities, useful practices regarding staff positions and employment practices, clear intergenerational communications policies, and effective nonprofit-corporate relationships that have led to highly qualified volunteers. While addressing their recommendations specifically to the development of new volunteering opportunities, Johnson et al. (*Reinventing Aging*, 2004) also urges nonprofits, foundations, government, and corporations to spur local innovation, replicate effective practices and model programs nationally, and grow the recruitment, training, and support of mature volunteers.

The National Council on Aging’s RespectAbility Initiative, funded by The Atlantic Philanthropies, is a first-of-its-kind program that takes an in-depth look at “what’s working and how” in a variety of community-based nonprofit organizations that are using highly skilled adults age 55+, often in volunteer roles but sometimes in paid jobs, as well. In June 2005, the RespectAbility Initiative issued a national call to identify the most promising practices in civic engagement among adults age 55+. Award winners were selected on their ability to document evidence of success in one or more of the following key outcomes:

- Increased participation of adults age 55+
- Meaningful new roles that draw on their existing skills, interests, and professional expertise, or on desire and capacity to learn new skills and roles
- Improved quality of life for participants, including achieving better health, more social connections, or an outlet for their desire to give back to the community
- Enhanced organizational capacity to achieve mission
- Enhanced community impact through contributions of adults age 55+

In a two-part report, NCOA has catalogued the promising practices, methods, and approaches from 34 civic engagement initiatives across the country and profiled nine that are considered most outstanding. One example is the Legacy Leadership Institutes at University of Maryland Center on Aging in College Park, Maryland. National Council on Aging–The Atlantic Philanthropies (2006).

Develop personal stories of individuals age 50+ who have transitioned to nonprofit jobs (This is a NCOA recommendation. National Council on Aging–The Atlantic Philanthropies (*RespectAbility Web Survey*, 2005).) These stories can be both inspirational and instructive. Examples from Freedman and Moen (2005) profile the experiences of retired academics who have started new careers in classrooms or free health clinics, while others founded new nonprofit organizations responding to critical human resource and societal needs, such as the Campaign for College Opportunity, designed to promote greater investment in public and private education, and Troops to Teachers, which since its start in 1994 has trained and placed 9,500 retired armed forces veterans into teaching. Bank (2007). Other articles have noted the transition of corporate employees into the nonprofit world. Leland (2006) cites the example of Betsy Werley, who took a buyout offer from JP Morgan at age 51 and went on to become the founding executive director of The Transition Network,

one of the 34 semifinalists in National Council on Aging–The Atlantic Philanthropies (*Promising Practices*, 2006).

The media is increasingly focusing on older adults moving into second careers — in some cases, devoting special sections or columns on this topic, such as *The Boston Globe*’s “Transition” section.

Best Practices/Lessons Learned from Outside the Nonprofit Sector

Numerous studies and reports from the private and public sectors cite recommendations, best practices, and examples of companies taking steps to motivate and retain experienced older workers, as well as recruiting senior talent from outside their organizations. Some of these include company profiles and case studies illustrating a range of activities. Rappaport and Young (2007); Mitchell (2006); Steir (2006); Young (2006); Morton, Foster, and Sedlar (2005); Dychtwald (2004); Rappaport and Stevenson (2004); Brown (2003); Muson (*Valuing Experience*, 2003); and Parkinson (2002).

Rappaport and Young (2007) describes how the recently passed Pension Protection Act opens up new opportunities for employers and employees to take advantage of phased retirement programs. The act allows employers to pay pension benefits to employees 62 and older who are covered under a defined benefit plan, even if they continue to work. Previously, employers could not pay retirement benefits under such a plan — one of the many deterrents to implementing a formal phased retirement program. The report describes how companies can adopt several variations of phased retirement to meet talent needs and includes case study illustrations.

Morton, Foster, and Sedlar (2005) focuses on knowledge transfer programs, creating and maintaining corporate cultures that are welcoming to all generations, and phased retirement options. The report is based on both qualitative and quantitative research, including case studies of five companies (Lincoln Financial Services, IBM, MITRE, Adecco, and Baptist Health South Florida), interviews with 25 additional Fortune 500 company teams of executives involved with these issues, and findings from The Conference Board’s Mature Workforce Advisory Team. Among the report’s key findings:

- The mature workforce is often viewed as an issue to be dealt with rather than an opportunity to be leveraged.
- Forward-thinking organizations view mature workers within the framework of talent management.

- The mature workforce is often couched in work/life, elder care, diversity, or disability programs.
- Because it is not “politically correct” to discuss the perceived/real cost concerns relating to mature workers, many companies don’t discuss related issues or opportunities at all.
- Companies are realizing that a maturing workforce can positively affect customer satisfaction and profitability but not without effective intergenerational inclusion initiatives.

Rappaport and Stevenson (2004) identifies employers’ best practices, based on the authors’ analysis of winning entries for the 2002, 2003, and 2004 AARP “Best Employers for Workers over 50” competition. Best practices among winners are highlighted, including phased retirement, flexible work options, career counseling and job mobility, special assignments, mentoring, restructuring work to reduce its physical demands, 401(k) catch-up contributions, and extra time off for dependent care. Only healthcare organizations, operating in tight labor markets, and temporary worker agencies had comprehensive programs to attract and retain mature workers.

U.S. Government Accountability Office (2005) concludes that although many employers indicate a willingness to recruit or retain older workers, most are not currently engaged in these practices. The report is based on interviews with experts in the field, a review of several employer surveys, and a roundtable discussion with companies and other organizations involved in the aging workforce field. Jobs that tend to employ the greatest number of older workers (managerial and professional occupations) are less likely to be physically demanding; however, they are more likely to involve significant stress, according to Health and Retirement Survey data cited in the report. More than half of pre-retiree and working retiree respondents in Brown (2003) say that having jobs in retirement that are not too stressful is “very important.” The GAO report recommends that employers adjust older workers’ job responsibilities by allowing former managers to switch to support or mentor roles.

The following are highlights from survey research and company experience focused on several critical areas.

Private sector responses

Manage the mature workforce strategically Findings from The Conference Board, based upon published and ongoing research, recommend companies manage a maturing workforce as a strategic issue, incorporating it into a company’s broad business goals and strategic workforce plan, rather than as an isolated human resources issue. Mitchell (2006). Such

an approach can turn potential problems into opportunities and competitive advantages. Elements of a strategic workforce plan are summarized from Young (2006). Noting that it can take years to implement effective knowledge-management and transfer programs, the report urges companies to act now to improve chances of long-term success.

Mitchell (2006) cites the example of Southern Company, the leading producer of electricity in the United States. Faced with an aging and retiring skilled workforce, the company implemented an aggressive workforce planning process and cooperated with other utilities in a nationwide planning effort, took steps to ensure the availability of a younger skilled workforce, and polled its potential retirees, learning that many (though eligible for retirement) wanted to stay but were interested in phased retirements and part-time options. In 2003, the Southern Company partnered with Georgia Power Company to launch the Retiree Reservist Pool, which allows retirees to work on a part-time basis, meeting short-term critical business needs (e.g., plant outages, storm restoration, special projects, peak labor needs). Benefits are powerful, including for retirees: additional income, increased self esteem, and staying connected with and knowledgeable about the company; and for the company, a ready-made experienced temporary labor force, effective knowledge transfer to younger workers, and better management of labor costs.

Other examples of companies that rehire retirees include: Bon Secours Richmond Health System, Hoffman-LaRoche, CIGNA’s Encore Program, one of the oldest phased retirement models, and MITRE Corporation’s “Reserves at the Ready” program. Rappaport and Stevenson (2004), Rappaport and Young (2007), Morton, Foster, and Sedlar (2005), and Parkinson (2002).

Create a flexible working environment Baptist Health South Florida addresses retention of older workers through a wide array of flexible programs. Rappaport and Stevenson (2004), and Morton, Foster, and Sedlar (2005). These include: paid time off (PTO) benefits that increase with employees’ years of service, defined contribution retirement plans that allow employees to draw on benefits and reduce their hours, and a “bridge of service policy” that provides rehired employees who previously left the hospital with a chance to return without losing accumulated PTO and other benefits. The company also has a long-service review committee that ensures fair treatment of employees with 15 or more years of services, helps people manage life changes, and provides opportunities for meaningful work assignments. Other best practices include: policies promoting wellness and programs that cross-train nurses to take on less physically demanding work and look for ways to limit the hospital’s physical requirements for nursing jobs.

Legacy Leadership Institutes

Legacy Leadership Institutes (LLI), one of the four NCOA winners receiving a “Program of Excellence” Award, achieved outstanding results in all five outcome areas. LLI is a model developed by the University of Maryland Center on Aging to facilitate lifelong learning, technical and leadership skills enhancement, and meaningful civic engagement for older adults. LLI does this by creating a corps of volunteer/service leaders who assist a variety of nonprofits in such roles as nonprofit fundraising teams of paid and unpaid staff, environmental educators, communications specialists in schools, and nonprofit management consultants helping organizations solve specific problems. Participants go through extensive leadership and skills training.

An overwhelming majority (98 percent) of graduates have sustained their civic engagement. About 2,000 LLI volunteers have provided approximately 600,000 hours of service to date. In addition, almost 50 percent have become employed in part-time or full-time paid positions, usually in the nonprofit sector, with 90 percent of those employed reporting their employment was related to their experience in the LLI program. Graduates also have the opportunity to become part of leadership teams that organize and operate LLI.

Because so many nonprofit organizations have asked the Center, “How do you attract baby boomers? How do you engage them, and how do you keep them?” the Center on Aging is starting a new Legacy Leadership Institute to train leaders to help nonprofits develop meaningful new roles for adults age 55+.

Source: *RespectAbility in America: Profiles of the Most Promising Initiatives Engaging Adults 55+*, National Council on Aging and The Atlantic Philanthropies, 2006.

Scripps Health offers a broad range of flexible work schedules, including job sharing, in which two employees share a position, work fewer hours, yet keep their skills competitive. Other options include: compressed workweeks, telecommuting, and specific individual accommodations. The company also provides such support as home office equipment and training so employees can make choices that best suit their needs.

Bon Secours Richmond Health System offers employees various ways to phase into retirement, which include both part-time and full-time options and entitle employees to full pension benefits. More than one-third of Bon Secours’s 165 employees over age 65 have chosen some form of phased retirement. While much of the workforce is hourly, salaried employees who work part-time are paid on a pro-rated basis. Popularity of these options is expected to grow as the workforce ages. Rappaport and Young (2007).

Incorporate features of self-employment Three studies, finding that older workers were more likely to be self-employed than younger workers, examine the characteristics of these workers and their reasons for becoming self-employed. Bond et al. (*Insights*, 2005) recommend employers create work environments that reflect the features of self-employment as a way of attracting and retaining older workers, citing such factors as providing more control over work hours and work location, greater flexibility and job autonomy, and more challenges and learning opportunities on the job.

Using cross-sectional time-series data from the Current Population Survey (CPS) and cross-sectional and longitudinal data from the Health and Retirement Survey (HRS), Karoly and Zissimopoulos (2004) compares characteristics of self-employed workers and wage-and-salary workers. The report suggests factors that influence older workers’ decisions to become self-employed — for example, while the self-employed generally have higher household incomes and financial wealth than their wage-and-salary counterparts, those who became self-employed at or after age 50 have lower levels of income and wealth than those who became self-employed earlier in their career. Thus, retirement income security of self-employed workers, especially older workers who become self-employed later in their careers, may be lower than their wage-and-salary workers. Also, having health insurance coverage as an active worker on a current wage-and-salary job but no continued retiree health coverage reduces the likelihood of transitioning to self-employment, compared to those who have no employment-based health coverage.

MetLife Mature Market Institute, David DeLong & Associates, Inc., and Zogby International (2006), however, offer a cautionary note: While self-employment can support older workers' goals for more flexibility and control over their work and a sense of meaningfulness, the survey does not differentiate between those who choose to be self-employed and those who might have been forced into self-employment because of a layoff or some other circumstance making regular employment unavailable.

Emphasize lifelong learning, training, and job mobility

Several studies and company best practices illustrate the importance of incorporating increased learning, training, and job mobility opportunities as a way to both retain and attract older workers. Parkinson (2002) includes an interview with Dr. David Wegman, an expert on aging and work environment, who recommends that older workers need not be trained separately from younger workers. Mature workers, like co-workers of all ages, learn better hands-on. The report offers several recommendations focused on ways to enhance training: for example, examine mature worker's training needs, review the organization's policies and practices to see if they penalize or exclude mature workers, and design alternative career paths.

Of particular interest to nonprofits may be the examples of companies that offer a mix of paid employment and volunteering roles as an incentive to recruit new mature workers, as well as retain current ones. Rappaport and Stevenson (2004) describes the example of Principal Financial Group, which emphasizes a career lifelong learning process for all its employees. The company also offers temporary transfer opportunities for managers and other senior-level employees so they can work in the local United Way and in international assignments. Unlike management training programs that rotate junior employees through a variety of programs, these programs target more experienced and mature workers. Mature employees benefit by being exposed to job opportunities that would otherwise be unavailable to them, while the offsite community assignments enhance the company's image. The lifelong learning curriculum includes such topics as managing diversity (which covers examples and a case study focused on the needs and value of developing older workers), leadership, management, high-performance culture, and corporate responsibility.

Another company that encourages job mobility for mature workers is Deere & Company, which in 2004 launched a "self-nomination process for job openings for career movement." The company uses teams and special assignments to provide professional development, as well as opportunities for

mobility and skill-building. As part of their annual performance review process, managers are encouraged to find opportunities for mature workers' career mobility. Rappaport and Stevenson (2004).

Reduce intergenerational differences Several studies address the issue of intergenerational differences and recommend ways to reduce conflicts between generations and create organizational cultures welcoming to all age groups. Parkinson (2002) suggests companies include aging and generation components in diversity training. In *Older Employees in the Workforce*, Families and Work Institute (2004) also recommends that companies: include age in diversity efforts, be conscious of differences in generations when working with multigenerational teams, provide mentoring and reverse mentoring, offer flexible work arrangements to both older and younger workers, and continue training opportunities for workers.

Retain and transfer knowledge Ernst & Young (2006) finds that 70 percent of its clients surveyed had not defined or identified where "business wisdom resides" in their companies. The remaining 30 percent that accomplished this did so through informal discussions, formal employee recognition programs, and surveys of line business managers. Of the two-thirds that have formal knowledge transfer or management processes in place, succession planning, mentoring, informal knowledge networks, and web-based tools were the most commonly mentioned. Companies that have specific programs to retain older workers note the following as having the greatest impact: hiring retirees as consultants or contractors, offering retention bonuses, promoting a culture of generational diversity, and offering pre-retirement planning programs.

One-half of the 25 companies interviewed in Morton, Foster, and Sedlar (2005) have some kind of mentoring program in place to share and transfer knowledge. Methods for capturing knowledge of valued retiring workers include: bringing back retirees to organizations to lead certain types of training for younger and newer workers, setting up websites to share knowledge, and offering retention bonuses for individuals with certain skills. IBM employees work frequently in teams, which creates natural opportunities for sharing knowledge across generations. The company has also created the IBM Institute for Knowledge-Based Organizations, offering a range of special programs and workshops for knowledge transfer, which is also available to IBM customers. Rappaport and Stevenson (2004) notes that Baptist Health South Florida's Preceptor (mentoring) Program provides financial incentives to senior nursing staff who offer guidance to assigned junior colleagues.

As a talent management strategy, Dychtwald (2004) recommends creating a high-retention pool of mid-career and mature workers. Similar to high-potential succession candidates, employees selected for this pool would be managed like prized talent, using options like new assignments, mentoring, training, and sabbaticals to keep them motivated, engaged, and fully productive. While the study did not identify any companies currently using high-retention talent pools, several firms, including Sears, Monsanto, Aerospace, and Dow, are cited for using talent management tactics that include older workers.

Public-sector responses

Steir (2006) describes a major new initiative, Fed Experience, to recruit retiring baby boomers to establish second or “encore” careers in the federal government. Partnership for Public Service (PPS) is leading this effort. Due to projected retirements over the next five years, the government may lose over a half-million workers — more than one-third of its permanent, full-time workforce — many of whom are government’s most experienced employees. The project, now in an initial research phase, will be followed by pilot programs in a few agencies to attract and use boomer talent, and then large-scale implementation across the federal government. Among the recommendations and steps already underway:

Promote and increase flexibility The Office of Personnel Management (OPM) has launched Career Patterns, which encourages federal agencies to develop alternative work arrangements to attract and retain top talent from all age groups. PPS recommends that more emphasis be placed on ways to attract retiring boomers. OPM should take the lead role in helping HR professionals and agency heads use several recruitment and retention tools and techniques already in place, including recruitment bonuses, relocation bonuses, and direct-hire authority for specialized and high-need occupations.

Overhaul the federal hiring process PPS has hired expert recruiters to overhaul the cumbersome federal hiring process in an initiative labeled the “Extreme Hiring Makeover.” Working on a pro-bono basis with three pilot agencies, the teams helped diagnose problems in each agency’s recruitment and hiring processes and then piloted new solutions, which have streamlined the hiring process. To enable agencies across the government to take advantage of the tools and techniques, PPS and OPM launched an online Hiring Tool Kit. Government-wide interest and action have been substantial.

Create new networks to attract experienced talent PPS recommends: a federal leadership training institute to help promote the successful integration of senior “outsiders” into the government and an elite fellowship program for older Americans, modeled after the White House Fellows program, providing older adults with exciting opportunities to work at high levels of government. These initiatives would also serve as valuable public relations tools to let retirees know that good opportunities exist in government.

Collision (2003) compares public- and private-sector responses and notes that officials in the government sector were significantly more concerned about impending retirements. On average, government employees were older and expected to retire sooner than private-sector employees. The government sector also stands out in several best practices, including: measures to capture institutional memory, benefits designed specifically for older workers, and increased training to prepare for a possible shortage of workers. Almost 4 out of 10 respondents (39 percent) viewed the impending retirements of skilled government workers as a crisis.

Young (2003) identifies the challenges that local, state, and federal agencies face due to the high rate of retirement-eligible employees within their workforce. The study includes 12 detailed case studies of agencies preparing for and dealing with the huge retirement wave. Many of the findings are transferable to private-sector employers.

Pathways to Bring Adults Age 50+ into Nonprofit Jobs

What approaches or existing organizations might be able to facilitate boomer adults’ transition to nonprofit jobs? And how could nonprofits partner with outside organizations to support their moves? There is little research focused on specific pathways that might lead older adults to nonprofit careers, but some ideas and a few programs have been cited. Harvard–MetLife Foundation (2004) note that aging boomers are increasingly likely to leave the workforce haltingly, moving from full-time careers to bridge jobs before retirement — sometimes out of necessity but also to stay active and engaged. While bridge jobs traditionally have enabled older adults who have completed their primary career jobs to transition to retirement, they can also be a path to a different kind of social engagement or to a completely new or second career. Cahill, Giandrea, and Quinn (2007), in an analysis of data from the Health and Retirement Study (HRS), find that bridge jobs often do involve a shift to an altogether different type of work. The HRS is an ongoing, longitudinal, nationally representative survey of Americans between the ages of 51 and 61 in 1992.

Corporate pathways

In a classic collaboration between the corporate world and community, IBM launched Transition to Teaching in 2005 with two clear goals: (1) help veteran employees who possess math and science skills pursue second careers in teaching and (2) inspire a new generation of engineers and scientists. Taub (2005).

IBM pays for course work in either traditional college settings or online and offers mentoring during the transition from IBM to full-time teaching jobs. The company also provides up to four months leave of absence to facilitate student teaching, and employees can receive up to \$15,000 for tuition and leave-of-absence stipends. IBM has partnered with several colleges and universities in shaping the program. Its extensive work in K-12 education and its volunteer program provide a base for the Transition to Teaching program.

Community colleges

Universities and other educational institutions are beginning to define their missions in broader terms as centers for life-long learning. Moody (2003), as cited in Harvard–MetLife Foundation (2004). Community colleges, in particular, may be well suited to respond to the needs of aging baby boomers and tailor new kinds of instructional and life planning programs that could lead to second careers in nonprofit organizations. Goggin and Ronan (2004). However, the authors note community colleges must radically rethink their traditional seniors programs and occupational offerings if they want to attract aging baby boomers.

One emerging model is The Next Chapter, currently under development at several community colleges across the country, including Central Florida Community College, Mesa Community College, Maricopa Community College, and Cuyahoga Community College. Originally launched in 2001 by Civic Ventures, a national nonprofit organization that works to expand the contributions of older Americans to society, Next Chapter programs include four core components:

1. Life planning assistance
2. Meaningful employment and service opportunities
3. Continued learning for new directions
4. Peer and community connections

Goggin and Ronan (2004) cite specific initiatives underway at these colleges and offer recommendations on how to address the educational and career needs of aging baby boomers.

Temporary staffing and consulting agencies

Temporary staffing services may provide an immediate and practical solution for nonprofit employers that are interested in hiring older workers but not well versed in the complicated legal issues regarding phased retirement and other flexible work options. Cappelli (2005), as cited in MetLife Foundation–Civic Ventures (2005). The workers remain employees of the temporary staffing agency, which handles all legal issues and designs benefit programs.

One example is Adecco USA, which supplies temporary, temp-to-hire, and direct hire workers to 70,000 companies; many of whom are mature workers. Morton, Foster, and Sedlar (2005). Retirees that are placed in temporary jobs at client companies receive a broad range of benefits, including prescription drug coverage; health, dental, and vision care; anniversary service bonuses; holiday pay; a 401(k) savings plan; life insurance; and tuition reimbursement. In addition, the company provides online training, which allows temporary employees to take free training online anywhere, at their own convenience. Adecco has also adopted a creative approach toward recruiting older individuals through its “Renaissance Program.” Recruitment materials describing its special programs and benefits are distributed at churches, shopping malls, and community centers.

YourEncore is another example of a third party (in this case, a consultancy) that places experienced retirees in companies on a contract basis and handles all legal and financial arrangements. YourEncore matches the project requirements of its 20 client companies with the skills available in its pool of highly experienced scientific and engineering professionals, who are usually retirees and act as consultants. These experts come from about 600 different companies, although a third have retired from one of YourEncore’s 20 client companies. Some companies hire mostly their own retirees, while others hire retirees from other companies. Rappaport and Young (2007).

Volunteering as a route to jobs

In collaboration with community agencies, Retired Social Workers created “back-up pools” of professional social workers that work part-time for local agencies on an as-needed basis. The group also conducts “think-tank group sessions” on cutting-edge topics so professionals can polish their skills and reenter the workforce with the latest knowledge and skills.

The Legacy Leadership Institutes of the University of Maryland’s Center on Aging is providing extensive leadership training to older adults and placing them in highly strategic, professional volunteer roles to assist nonprofits. About half of the volunteers have become employed in part-time or full-time paid positions, usually in the nonprofit sector. National Council on Aging–The Atlantic Philanthropies (*Promising Practices*, 2005).

Summary and Further Research Needs

The review of literature focusing on the aging workforce in nonprofits revealed the critical challenges nonprofit employers face. Perhaps most serious are the massive leadership shortages predicted over the next decade as the nonprofit sector expands and baby-boom executives plan to retire. Labor shortages are also projected in critical service sectors, such as education, healthcare, and social services, in which nonprofit organizations are heavily represented.

In addition to the “brain drain,” there are indications that many nonprofits lack both the resources and the staffing depth to develop leaders internally. Many have limited human resource functions and have not adequately developed succession planning, knowledge transfer, or mentoring programs to capture valued retiring employees’ knowledge and transmit lessons learned to the younger generation. Nor has the nonprofit sector designed programs to retain potential retirees or expanded its recruitment networks to reach out to new groups, including aging baby boomers who may be leaving their jobs, ex-corporate managers and professionals, and other older adults who may want new jobs or second careers in nonprofit organizations.

At the same time, there are unprecedented opportunities for nonprofits. Older adults, and especially leading-edge baby boomers, have indicated a strong interest in working in jobs with a social mission, and the nonprofit sector needs their skills and experience. But, as research indicates, in addition to

the lack of resources, there are major attitudinal barriers to overcome at all levels: many nonprofit leaders, boards, and funders show little interest in developing programs to attract and retain older adults as experienced executives, staff personnel, or volunteers in new, more professional roles. Many of these leaders remain unconvinced that investing in such programs is directly related to the organization’s success.

Research is needed to uncover, document, evaluate, and disseminate the best practices of nonprofit organizations that are developing and effectively managing flexible work models and other programs to recruit and retain adults age 50+ in paid positions. Some research has been conducted on promising practices in professional volunteer management and programs to facilitate older workers’ transition into new more professional volunteer roles. In some cases, these programs are also enabling older adults to enter the workforce in paid nonprofit positions. But more needs to be understood about how that transition takes place and the kinds of support volunteers receive to successfully move into paid employment. Additional research would also be helpful on other pathways into nonprofit jobs, again through closer examination of existing initiatives and partnerships with outside organizations, and identification of what’s working and how.

Additional focus is needed to understand the dynamics of leadership transition in nonprofit organizations. Lack of adequate mentoring models and knowledge management and transfer programs has been cited. Such models have been developed in the private sector and are proving successful in retaining the knowledge and skills of older employees and allowing for the professional growth and development of younger, future leaders. Lessons learned from these experiences should be examined to see what is applicable to the nonprofit sector. Also needed is more research on the specific support needs of mature workers who transition into nonprofit leadership positions from other sectors.

The research on baby boomers’ and older adults’ motivations for working in retirement show there are clear variations according to specific age groups of mature workers. To help employers create appropriate options that meet both organizational and individual needs, additional research should explore the motivations of these age groups. And, finally, additional research on initiatives to improve nonprofits’ human resource management should be examined.

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