



# The State of Diversity in **Nonprofit and Foundation** Leadership



**BattaliaWinston**

# The Diversity Gap in the Nonprofit Sector

The lack of diversity in our country's corporate leadership is now a regular topic of public debate. Thanks to a few high-profile stories, largely from the technology industry, the spotlight has been steadily cast on this issue.

Though there has been less public criticism of the nonprofit and foundation sector's lack of leadership diversity, these organizations are far from exempt from the problem. Battalia Winston analyzed the leadership teams of the 315 of the largest foundations and nonprofits in the US and found that these organizations, too, suffer from homogeneity.

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*According to a 2015 Forbes study, diverse companies are better able to **win top talent and improve their customer orientation, employee satisfaction, and decision making**, and all that leads to a virtuous cycle of increasing return.*

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While 42% of organizations have female executive directors, 87% of all executive directors or presidents were white, with only minimal representation of African Americans, Asians, and Hispanic individuals.

Our research is very much in alignment with similar studies. A 2015 study by Community Wealth Partners found that only 8% of nonprofit executive directors were people of color, and a 2014 study conducted by D5 found that 92% of foundation executive directors were Caucasian.

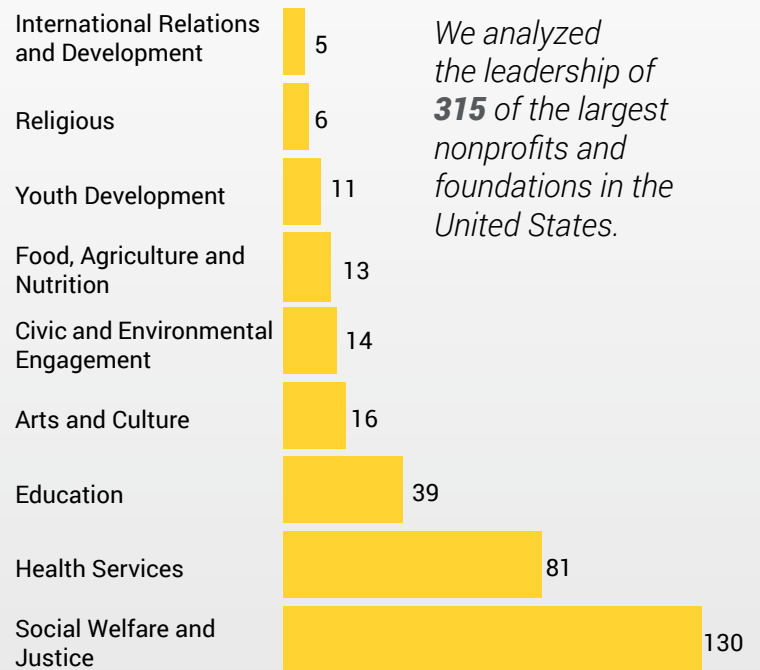


FIGURE 1: GENDER

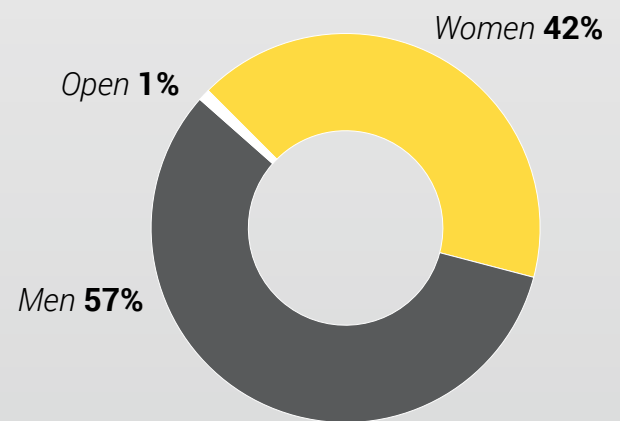
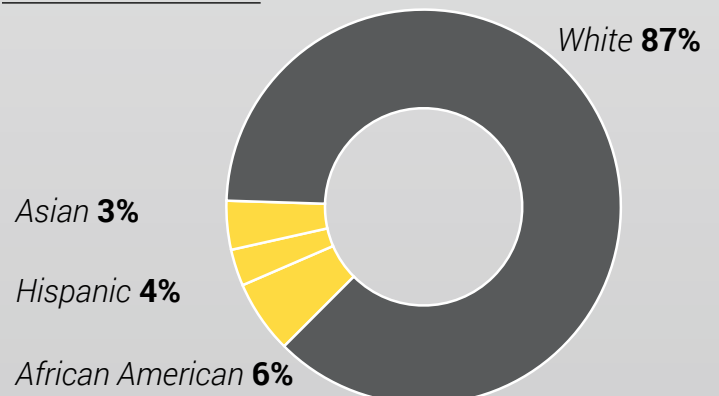


FIGURE 2: ETHNICITY



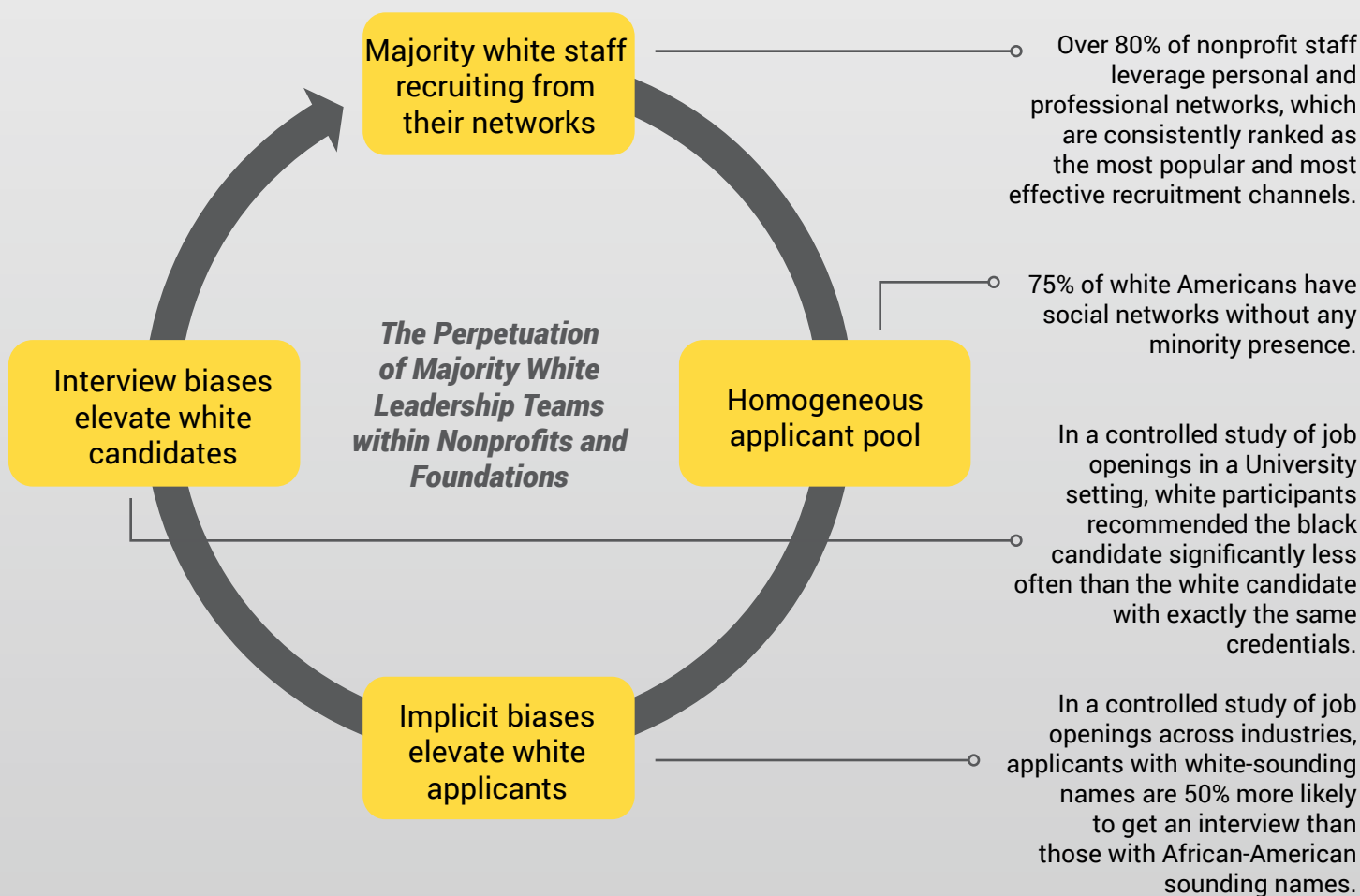
# The Value of Diversity for Nonprofits and Foundations

We already know that diversity helps for-profit organizations be more creative and innovative, drive growth, and improve employee retention. Having a workforce—and a leadership suite—that mirrors the population your organization is serving is just as critical for nonprofits and foundations:

- A diverse leadership team will be better positioned to not only connect with the people it serves, but will have more success with donors and partners within the community.
- A diverse leadership team will be better able to stay abreast of external influences—policy changes, cultural changes, economic factors—that affect the population served.
- Boards that are not diverse will perpetuate the lack of diversity. If all leaders spend their time with the same social circles, finding new team members will be an ongoing problem.

Source: [www.councilofnonprofits.org/tools-resources/diversity-nonprofit-boards](http://www.councilofnonprofits.org/tools-resources/diversity-nonprofit-boards)

This final point – the self-perpetuation of a lack of diversity – is an important one. Community of Wealth conducted an extensive study and found that, because organizations rely on a mainly white staff to recruit talent and market open positions, a lack of diversity becomes a vicious cycle:



Source: <http://communitywealth.com/the-state-of-diversity-in-the-nonprofit-sector/>



## Creating a Pipeline of Leadership Talent

Of course, creating sustained diversity at the leadership level is easier said than done. While diversity of the population as a whole is increasing across the country, the representation of people of color in C-suites is decreasing. If organizations want to leverage, not export, the diverse talent in their communities, they need to invest in diversity initiatives, create inclusive cultures, and foster a pipeline of leadership talent.

To create enduring diversity, organizations must implement strategies that span the talent management cycle:

### *Embedding diversity organization-wide*

Nonprofits and foundations should aim to create diversity in all aspects of the organization, from their employee bases to their vendors and suppliers to the community organizations they partner with and support.

### *Creating clear career paths*

If an employee cannot see their career path within the company or easily identify an opportunity to advance, he

## Diversity Fast Facts

- 2 out of 3 employees consider diversity important when deciding where to work. (Glassdoor)
- Businesses that fail to foster diversity see higher employee turnover rates than diverse businesses. (Center for American Progress)
- Blind interviews increase the likelihood that a woman would be hired by between 25 and 46%. (Joint study by Harvard and Princeton)
- There will be no racial or ethnic majority by 2050. (US Census)
- Companies with the highest representation of women on their boards of directors outperformed their competition by 53% and saw a 42% higher return on sales. (Catalyst)

or she is less likely to stay for the long haul. Establishing professional development and inclusive leadership training programs can help diverse employees see the organization as a place to grow, not a stepping-stone to something bigger and better.

It's also important to create mentorship programs that intentionally include diverse employees, who—in a mostly white environment, especially—are less likely to receive organic mentorship and networking opportunities than their white counterparts.

*Proactively identifying high-potential diverse talent*

Employers should also be aware that, as baby boomers retire, they have the opportunity to add diversity on the tail end of the employee lifecycle. Leadership should engage in a succession management process—sponsoring and mentoring future leaders, preparing them for a potential promotion, and encouraging diverse candidates to express their interest.

Don't wait until there is an actual vacancy. Begin the grooming process early and implement professional development programs.

*Fostering a culture of inclusion.*

If organizations want to attract and retain diverse talent, they must create a culture that truly embraces diverse opinions, perspectives and lifestyles. There are a number of ways to achieve this: creating diversity committees with representatives from all levels and making diversity goals a transparent part of the overall strategic plan, for example. Organizations can also offer flexible working schedules, accommodations for all religious holidays and diversity-friendly dress codes.

## Conclusion

Without a focused effort on retention of employees from diverse backgrounds at mid and senior levels, companies risk becoming revolving doors for entry-level talent, with plenty of diversity in their junior ranks but with little at the mid and senior level. A concerted retention program will perpetuate diversity and help employees see the appeal of remaining in a diverse community, despite attractive offers from competitors.

## Battalia Winston's Diversity and Inclusion Expertise

Battalia Winston helps firms across industries recruit and retain diverse leadership and develop strategies for increasing diversity organization-wide. We understand that companies with a diverse executive team will attract and retain more diverse talent at all levels, and we are dedicated to supporting our clients in the pursuit of their diversity goals.

Our Diversity and Inclusion experts leverage their 30+ years of experience to ensure an inclusive slate of executive candidates for every search assignment. Over the last two decades, we have placed hundreds of diverse executives at top organizations throughout the world.

Battalia Winston has always been committed to diversity and has been a pioneer in the executive search industry in that regard. We track international trends in diversity, inclusion and leadership, which allows us to offer our clients a range of diversity-focused solutions that fit today's global enterprise.

By developing a detailed analysis of our clients' top competitors and their diversity and inclusion strategies, we build and deliver a pipeline of diverse executives and future leaders.

