

HOW AFRICAN AMERICAN-LED ORGANIZATIONS DIFFER FROM WHITE-LED ORGANIZATIONS

Research Report on African American Non-profit Organizations in Philadelphia



Study Commissioned by:
Philadelphia African American Leadership Forum (PAAALF)



Study Funded by:
United Way of Greater Philadelphia and Southern New Jersey

Research Conducted by:
Branch Associates, Inc.



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The Philadelphia Foundation



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The African American Leadership Forum has emerged at a pivotal moment for contemporary black America. The continued loss of opportunity for many African Americans, coupled with the fragmentation of African-American leadership, present an urgent need to do something different. The African American Leadership Forum is a call to action for African American leaders to put aside our individual and personal differences to work towards collective transformational solutions that change the structure of opportunity within our community.

Gary Cunningham

Co-founder of the National African American Leadership Forum of Twin Cities

The journey is as important as the arrival and whom we help along the way solidifies the strength of our character. Throughout time, societal issues have never been solved by one group of homogeneous individuals; it requires the collective insight of others to make a difference. As African-American leaders, our voices, thoughts and actions are critical to making positive change.

Dawn L. McCray

President & CEO

Communities In Schools of Philadelphia, Inc.

The Branch Associates report on African-American-led human services organizations in Philadelphia is a “must read” for anyone in a position of leadership in our region. The data is informative and provides a useful tool for policymakers, grantmakers and anyone trying to effect system change.

Pedro A. Ramos

President & CEO

The Philadelphia Foundation

The presence of African American leadership is critically important to the nonprofit sector. Without it, we run the risk of missing their talent, expertise and networks – all of which are necessary for substantive social change.

Susan Batten

CEO

Association of Black Foundation Executives

Passion must drive organizational mission, but can easily outpace capacity. And capacity separates good from ineffective nonprofit organizations. These tenets compellingly inform African American leadership in the nonprofit sector, as the need in their communities can only be addressed by capable organizations that are committed to building and sustaining the requisite capacity to make a difference.

Raymond Albert, PhD, JD, MSW

Professor of Social Work, Director of the Law and Social Policy Program,
Chair of Diversity Leadership Group and Diversity Council, EOO Officer
Bryn Mawr College

The leadership team of any successful nonprofit must reflect those it serves. At PHMC, we are enormously proud of the diversity we see every day across our employee base, our partners, our board and our clients. We are a reflection of the community at large, and proud to partner with other like-minded organizations so that, collectively, we're channeling the voice of our region.

Richard J. Cohen

President and CEO

Public Health Management Corporation (PHMC)

MEMBERSHIP OF THE PHILADELPHIA AFRICAN AMERICAN LEADERSHIP FORUM

Sara Lomax Reese

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Frederic Bertley

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Kevin Dow

*United Way of Greater Philadelphia and Southern
New Jersey*

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We would like to thank the nonprofit leaders and local funders who completed the lengthy survey and/or who participated in a focus group or interview. We gained valuable information because of your participation.

We would also like to thank the members of the Philadelphia African American Leadership Forum for their efforts in developing the research study, assisting with improving the survey response rate, recruiting focus group participants, and reviewing drafts of the report.

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Umi Howard

**This project is dedicated to the memory of
Darryl Coates.**

AFRICAN AMERICAN LEADERSHIP IN PHILADELPHIA

Retrospective

Dr. Bernard E. Anderson

African Americans in Philadelphia have long sought ways to address social and economic conditions facing its community. The great scholar, Dr. W.E. B. DuBois documented the social and economic life of African Americans in the City in the late 19th century in his classic study entitled **“The Philadelphia Negro.”** In it, he analyzed the broad, deep, persistent disparities in employment, income, wealth, business ownership, health, civic participation, the administration of justice, and other features of the African American experience in Philadelphia near the end of the century. Despite their best efforts to generate change, community leaders continued to meet with only limited success. That didn’t stop those leaders from continuing to innovate in ways that created institutions such as historically black colleges and universities (HBCU’s), nonprofits like the Urban League, OIC and the NAACP along with black fraternities, sororities and other civic organizations that continue to stand the test of time.

Today’s African American leadership not only builds on the experience of the social innovations of our past, but gains insight from the outcome of key events that were instrumental in shaping the current social service landscape. From the early self-help organizations formed in Philadelphia as the country was being born, to more modern examples of African American self-determination and community empowerment that has led to African Americans occupying the highest offices on every level, the triumphs and struggles continue to shape our paths even today.

There are lessons to be learned from past leadership experiences: the efficacy of quiet diplomacy vs. militancy in generating change; the impact of class on the effectiveness of African American leadership; and the necessity of black self-help, coupled with interracial cooperation as a sine qua non for achieving black economic empowerment.

Most important, there must be clear, measureable goals for achieving progress. The old Talmudic proverb says, “if you don’t know where you’re going, any road will take you there”. The goal for leadership should be to identify ways to eliminate racial inequality in Philadelphia’s economic and social life.

This retrospective was formed from a more comprehensive document authored by Dr. Bernard E. Anderson. A fourth generation Philadelphian, Dr. Anderson grew up in South Philadelphia and pursued a diverse career in academia, philanthropy, and public service. An economist, he was the first African American to earn tenure at the Wharton School, University of Pennsylvania. In 1989, he helped merge the Philadelphia Urban Coalition and the Urban Affairs Partnership to create the Urban Affairs Coalition. The full paper can be found on the website of the Philadelphia African American Leadership Forum (www.paalf.org)

EXECUTIVE SUMMARY

The Philadelphia African American Leadership Forum is a network of African American leaders committed to improving the quality of life and life chances for Philadelphia's African American community.

- 1. Promote collective action, strategic collaboration, and shared services among agencies serving the African American community;***
- 2. Promote data collection and analysis and use data to inform decision-making;***
- 3. Expose African American leadership to social innovation, promising practices, and research, as well as to regional and national thought leaders in public policy and service;***
- 4. Deepen the relationship with the broader philanthropic community and public and private sectors in an effort to become less transactional and more transformative; and***
- 5. Cultivate and align African-American leadership to promote communication and information sharing across sectors.***

WHAT DO WE MEAN BY “AFRICAN AMERICAN-LED” ORGANIZATIONS?

In this study, we define an organization as African American-led if the current Executive Director (or CEO or President) self-identifies as African American/Black on the survey.

As was noted in focus groups with African American Executive Directors, a nonprofit organization may be currently headed by an African American Executive Director, but the race/ethnicity of the head of the organization often changes over time with turnover in the position. Most African American-led organizations (as we define it)

thus differ from traditionally black organizations such as the Urban League and the NAACP, where an African American Executive Director is presumed.

Other studies use different definitions. As noted in the “Benchmarking Diversity” report¹, some nonprofit organizations defined themselves as “minority-led” if at least half of their board members or staffs were people of color. The race/ethnicity of an organization’s clients could also be used as a way to categorize organizations.²

INTRODUCTION

In 2013, the Philadelphia African American Leadership Forum (PAALF), with funding from the United Way of Southeastern Pennsylvania and Southern New Jersey, commissioned a study of African American-led nonprofits in Philadelphia. PAALF was interested in understanding whether the experiences and needs of African American-led nonprofits in Philadelphia differed in important ways from white-led nonprofits.

In 2014-2015, Branch Associates, Inc., a Philadelphia-based research and evaluation firm, conducted a survey of leaders of human service-oriented nonprofit organizations in Philadelphia. The survey research was supplemented with qualitative research with African American Executive Directors and local funders. The findings from this research are presented in this report.

¹ The Foundation Center, *Benchmarking Diversity: A First Look at New York City Foundations and Nonprofits*, 2009.

² At least half of the clients were African American at 85 percent of the organizations in our study that were led by African American Executive Directors.

EXECUTIVE SUMMARY

The research was guided by the following research questions, formulated with the PAALF:

» *What are the organizational characteristics of African American-led organizations such as size, budget, age, sector, funding sources, services provided, populations served, etc.?*

» *What are the characteristics of the Boards of Directors and their members, such as number of members, demographic characteristics of members, tenure and experience of members, etc.?*

» *How do the organizations use data and technology?*

» *What are the characteristics of the Executive Directors and senior staff, such as race, gender, age, tenure, and experience?*

» *Are the organizations involved in policy work or advocacy? Do they have the capacity to work in these areas?*

» *Do the organizations and their staff participate in trainings and technical assistance?*

» *Have the organizations participated in strategic planning, including succession planning and financial sustainability?*

» *Are the organizations involved in partnerships or collaborations with other organizations?*

» *How do African American-led nonprofit organizations compare to other (non-African American-led) organizations on the above measures?*

» *What are local funders' perspectives on African American-led nonprofit organizations in Philadelphia and how they are positioned in the nonprofit sector?*

NONPROFIT LANDSCAPE

In 2012, approximately 1.44 million nonprofits (501c3 public charities³) in the U.S. were registered with the IRS⁴. In Philadelphia, 7,781 nonprofits were registered with the IRS in 2015⁵. A study in 2010 found that one in eight full-time employees in Philadelphia and its surrounding four suburban Pennsylvania counties worked at a nonprofit organization⁶.

The 2007-2010 recession hit many nonprofits hard. Eighty-four percent of nonprofit leaders reported a negative organizational impact and one in five described the negative impact as significant.⁷ The 2007-2010 recession disproportionately affected nonprofit leaders of color. Over one quarter (28%) of people-of-color-led organizations were severely impacted by the recession compared to 18 percent of white-led nonprofits. This may be due, in part, because people of color were more likely to run heavily government-funded organizations.⁸

Over the last ten years or so, there has been an increase in the conversations about and initiatives focused on diversity and its value at nonprofit and philanthropic organizations. Data on diversity in nonprofit and philanthropic leadership and grant making are lacking, though necessary, in order to more deeply and broadly address the issue of diversity. Some local studies show a lack of racial/ethnic diversity among nonprofit leaders and board members. In addition, research by the D5 Coalition, which focused on diversity in philanthropic organizations, suggests that diverse communities continue to be underfunded.⁹

The close to 8,000 nonprofits in Philadelphia provide a variety of services and programs to the city's residents. Many of these nonprofits, particularly human-service-oriented nonprofits, which are the focus of this study, are addressing significant social problems in the city, such as poverty and low education.

³ Public charities composed over two-thirds of all registered nonprofit organizations and accounted for over three-quarters of the revenue and expenses of the nonprofit sector in the U.S. in 2012. (McKeever, Brice S. and Sarah L. Pettijohn. 2014. *The Nonprofit Sector in Brief 2014*. Washington DC: Urban Institute.)

⁴ Religious congregations and organizations with less than \$5,000 in annual revenue are not required to register with the IRS, although many do.

⁵ National Center for Charitable Statistics. <http://nccs.urban.org/>

⁶ http://www.philly.com/philly/blogs/phillyinc/Phila_nonprofits_employ_242000_people_study_says.html

⁷ Cornelius, Marla, Rick Moyers, and Jeanne Bell, *Daring to Lead 2011: A National Study of Executive Director Leadership* (San Francisco, CA: CompassPoint Nonprofit Services and Meyer Foundation, 2011).

⁸ Cornelius, Marla, Rick Moyers, and Jeanne Bell, *Daring to Lead 2011: A National Study of Executive Director Leadership* (San Francisco, CA: CompassPoint Nonprofit Services and Meyer Foundation, 2011).

⁹ D5 Coalition, 2011. *State of the Work: Mapping the Landscape and D5's Path Forward on Diversity, Equity, and Inclusion in Philanthropy*.

EXECUTIVE SUMMARY

STUDY FINDINGS

The findings in this report are based on a survey of 145 Executive Directors or CEOs (“EDs”) of human service-oriented nonprofits in Philadelphia, two focus groups with African American EDs, and four interviews with local funders. Of the survey respondents, 74 are African American (51%), 63 are White (43%), and 8 are another race/ethnicity (6%). We compared survey findings between African American and White EDs to uncover similarities and differences in their experiences and organizations.¹⁰ Qualitative data enhanced our understanding of nonprofits, their challenges, and the funding environment in Philadelphia.

The study uncovered both similarities and differences between organizations led by African Americans and those led by white Executive Directors. Overall, there were some similarities -- in the background and experiences of EDs, in what EDs do in their daily work, in several organizational characteristics such as age and budget, and in the gender composition and expertise of board members and senior staff.

However, a number of interesting differences emerged. Organizations led by African Americans are smaller, as defined by the number of staff and volunteers. African American-led organizations have fewer cash reserves and are more dependent on government grants than white-led organizations. The latter likely explains the greater likelihood of African American-led organizations to track data and program outcomes, as accountability measures for public funds has increased over time. These findings regarding cash reserves and government funding may make African American-led organizations more vulnerable to recessions and changes in government, and thus more financially precarious than white-led organizations. Focus group participants (African American EDs) acknowledged the need for diverse funding streams and creative funding strategies.

¹⁰ Due to the small sample size, we could not compare survey findings of EDs of other races/ethnicities. It would be very interesting to examine nonprofits led by Latinos or Asians, but would require a different sampling strategy and more completed surveys by Latino and Asian EDs. For results presented in this report, when differences between African American and white EDs are not statistically significant, we report results for all respondents in the text. However, figures show results for AA-led and white-led organizations.

The findings from this study also show a degree of segregation and isolation between African American-led and white-led organizations.

- » ***African American-led organizations are more likely to have African American board members and senior staff, and white-led organizations are more likely to have white board members and senior staff. In fact, at 27 percent of African American-led organizations, all board members are African American. At 59 percent of African American-led organizations, all senior staff are African American; at 48 percent of white-led organizations, all senior staff are white.***
- » ***While study participants express the value of leaders and staff reflecting the population they serve, the downside to this homogeneity, particularly among board members, is the lack of diverse professional and social networks, which can negatively impact access to funding.***
- » ***The paucity of African American senior staff at white-led organizations also has implications for the future of African Americans in the nonprofit sector. The pipeline for African American leaders appears to be weaker at white-led organizations.***

African American-led and white-led organizations in this study are serving different populations.

- » ***African American-led organizations are more likely to serve teens, African Americans, and low-income residents than white-led organizations.***
- » ***African American-led organizations are also more likely to be serving and located in low-income Philadelphia neighborhoods.***
- » ***These findings suggest that African American-led organizations are serving some of the neediest populations in Philadelphia. Being located in the places where services are most needed makes the organizations more accessible to clients and allows them to become trusted members of the community. These findings highlight the value of African American-led organizations to the Philadelphia community.***

All study participants reported significant challenges with fundraising, particularly with only the recent end of the recession. However, African American EDs reported even greater challenges. While there is a perception of racial differences in funding, this study cannot confirm whether African American-led organizations are not funded as often or as generously as white-led organizations. Funders explained that a large percentage of grants benefit African Americans because nonprofits serve large black populations in Philadelphia. The survey data also showed that nonprofits primarily serve black clients. What is not clear is the whether African American-led organizations receive less funding than white-led organizations, although many believe this is the case.

Overall, this unique and first-of-its-kind study should provide valuable information to the Philadelphia African American Leadership Forum and other city and nonprofit leaders and funders to use to improve the strength of nonprofits in Philadelphia and the services they provide throughout the city, particularly to the neediest populations.

PAALF: African American nonprofit leaders in Philadelphia are challenged to be resourceful to keep agencies alive while grantmakers are rewarding innovation.

PAALF: Since African American-led organizations tend to be smaller in size and revenue, it is possible that staff may not be compensated as highly as their counterparts at white-led organizations. This is a concern considering that many African American Executive Directors may be heads of households. In addition, these same staff are likely wearing multiple hats within an organization due to lack of sufficient staffing. However, this is a characteristic of most nonprofit organizations.

PAALF: For African American-led nonprofits, a board without white representation may suggest limited access to funding or influence. To that end, African American-led nonprofits seek to recruit white board members to increase opportunities for access. Conversely, it is unlikely that white-led nonprofits are seeking African American board members to achieve greater access to funding. It is important to note that many grant funding applications ask nonprofit organizations to document the ethnicity of board membership. This has helped to increase board diversity among white-led nonprofits.

PAALF: If an organization's senior management is not diverse, it is unlikely that organizational leadership will be diverse.

PAALF: While nonprofit and philanthropic leaders stress the value of diversity in the nonprofit sector, the actual picture conflicts with that perspective.

PAALF:

A PREVAILING QUESTION AMONG AFRICAN AMERICANS IN THE NONPROFIT SECTOR REMAINS: IF BLACK COMMUNITIES ARE BESET BY SOCIAL INEQUALITIES AND PROBLEMS AND A LARGE PERCENTAGE OF GRANT DOLLARS ARE DIRECTED TO THIS GROUP, WHY CAN'T AFRICAN AMERICAN NONPROFIT LEADERSHIP BE A VITAL PART OF THE SOLUTION?

CONCLUSION

This study of nonprofit organizations in the human service sector in Philadelphia uncovered both similarities and differences between organizations led by African Americans and those led by white Executive Directors. Overall, there were some similarities -- in the background and experiences of EDs, in what EDs do in their daily work, in several organizational characteristics such as age and budget, and in the gender composition and expertise of board members and senior staff.

However, a number of interesting differences emerged. Organizations led by African Americans are smaller, as defined by the number of staff and volunteers. Other work has similarly found this.³⁹ AA-led organizations have fewer cash reserves and are more dependent on government grants than white-led organizations. The latter likely explains the greater likelihood of AA-led organizations to track data and program outcomes, as accountability measures for public funds has increased over time. These findings regarding cash reserves and government funding may make AA-led organizations more vulnerable to recessions and changes in government, and thus more financially precarious than white-led organizations. Focus group participants (African American EDs) acknowledged the need for diverse funding streams and creative funding strategies.

³⁹ The Foundation Center and Philanthropy New York, 2009. *Benchmarking Diversity: A First Look at New York City Foundations and Nonprofits.*

PAALF RECOMMENDATIONS

Below are recommendations informed by the findings of our research. For the sake of brevity, only the recommendations that can be reasonably implemented over the next 1-3 years are presented at this juncture. The PAALF has a comprehensive list of recommendations that will be shared in the future.

PAALF SUSTAINABILITY

- » *The implementation of the proposed recommendations are predicated on securing necessary funding to hire requisite staff. To that end, in addition to facilitating the implementation of these recommendations, staff will oversee membership intake; coordinate/plan meetings; initiate fundraising opportunities; and foster strategic cross sector connections among Philadelphia's nonprofit sector. The PAALF will continue to be a program housed in an existing African American led nonprofit organization.*

CAPACITY BUILDING

- » *PAALF will work with funders and intermediaries to ensure that all African American led nonprofits have adequate access to technology and are effectively utilizing data collection resources.*
- » *PAALF will provide a customized and relevant professional development initiative tailored specifically for ascending and emerging African American nonprofit leaders in Philadelphia.*
- » *PAALF will work with providers of capacity building services to make technical assistance and professional development opportunities accessible to African American led nonprofits by making these trainings affordable and conducted in neighborhoods where our agencies are located.*
- » *Transfer and recycle the expertise and experience of our own African American leaders by training them to deliver technical assistance and coaching to colleagues from other organizations.*
- » *PAALF will appeal to private sector to provide its African American executives on short term loan to African American led nonprofit agencies to improve capacity in key operational areas (i.e. fiscal management and marketing/communications).*
- » *Utilize retired African American nonprofit executives to serve as executive coaches and mentors for current African American nonprofit executives, especially those with tenure 5 years or less.*

BUILD NETWORK OF LEADERS

- » *PAALF will create a vibrant learning community for African American CEOs and staff by exposing them to the latest research on social innovation; trends in the field; and promising practices by hosting lectures; workshops; presentations from leading experts and practitioners from outside of Philadelphia.*
- » *PAALF will strengthen the ties among African American CEOs by coordinating convenings to share information, resources, and promote communication.*

EMPLOYMENT

- » *Promote a nonprofit hiring policy similar to the NFL's "Rooney Rule" whereas every available leadership position in philanthropy and nonprofit sector must solicit the PAALF for qualified candidates for consideration and be guaranteed interviews.*
- » *Create, cultivate, and manage a talent data base comprised of African American nonprofit senior level managers and executive directors and partner with employers and/or search firms in the nonprofit and philanthropic sectors to place qualified candidates in available leadership.*

PROMOTING PHILANTHROPY IN AFRICAN AMERICAN COMMUNITY

- » *The PAALF will work in collaboration with the Black Philanthropy Network of Philadelphia to develop "Giving Circles" in an effort to support high priority issues confronting our community. Creating giving circles is a strategy to pool our resources to combat community issues.*

BOARD DEVELOPMENT

- » *To strengthen our nonprofit boards, the PAALF will develop, cultivate, and manage a talent database comprised of prospective African American board candidates with skills in business development; fiscal management; and wealth creation. PAALF will match these prospects with African American led nonprofit organizations.*
- » *PAALF will work to ensure that more African-Americans are represented on majority white boards in an effort to cultivate leadership.*

CLOSING THE SOCIAL ACCESS GAP

- » *Promote more collaboration and engagement among African American led nonprofit leaders and the regional philanthropic community. Efforts and activities may include co-hosting strategic planning meetings; forums; and community conversations around common interests and issues.*
- » *Collaborate with majority led nonprofit organizations; intermediaries; and foundations to provide diversity/equity/implicit bias training for staff and board members.*
- » *Work with the CEOs and HR staff at majority led nonprofits to ensure that all African American senior and middle management are participating in and receiving appropriate and consistent professional development opportunities required for upward mobility.*

